

**President's Report  
to the  
Regents of the University of Minnesota  
Nils Hasselmo  
January 13, 1995**

**• Update on the Partnership Proposal/Our Biennial Request for 1995-97 •**

We have continued to make contact with members of the Governor's staff and members of the Legislature. The Partnership Proposal, with its shared responsibilities, seems to be generally well received, but—of course—with the proviso that money is in short supply!

The Minnesota House has established a University of Minnesota Division of the Education Committee:

Becky Kelso (Chair) DFL, Shakopee	Peggy Leppik, IR, Golden Valley
Lyndon Carlson, DFL, Crystal	Warren Limmer, IR, Maple Grove
Thomas Huntley, DFL, Duluth	Joe Opatz, DFL, St. Cloud
Steve Kelley, DFL, Hopkins	Barb Sykora, IR, Excelsior
Ron Kraus, IR, Albert Lea	

This is a new committee structure. The University and the Mayo Medical School will have their requests considered by this particular Division, while the new merged system and the Higher Education Coordinating Board will have their requests considered by the Higher Education Finance Division, chaired by Rep. Tony Kinkel, DFL, Park Rapids.

The Governor's budget recommendations are expected January 24. We hope that the Governor will be able to recommend the substantial increase in the University's budget that he has mentioned publicly several times over the past several months. A good recommendation from the Governor would, of course, give us a good basis for our discussions with the Legislature. **[Note: See appended material.]**

**• Budget Instructions for 1995-96 Budget •**

December 21, I sent comprehensive instructions for the preparation of the 1995-96 budget to appropriate administrators in the University. The materials requested are due March 1. Important aspects of the budget, such as tuition and compensation rates, will be discussed with the Board within the next two to three months, in preparation for the review of the budget itself in the late spring. It is our intention to do as much early work on the 1995-96 budget as possible, although the decisions by the Legislature in May will give final shape to the budget.

### **• Reorganization •**

The Transition Task Force that I appointed to spell out the specifics of the reorganization in the provostal areas has given me recommendations concerning three of the 16 management areas that are being considered: resource allocation; facilities management; and health and safety. I have approved the recommendations with some slight revisions. I expect to receive recommendations concerning the other 13 areas within the near future, and I will issue a report to you at that time. (Concerning pending searches, see below.)

### **• Management Reform •**

You will find in your docket materials, under the Audit Committee, a letter from me outlining the management reform efforts that have been under way since 1989. I thought it would be helpful to you to have this overview as a context for our continuing discussions of specific organizational and management issues. Reforms made over the past five years include:

- Reorganization of Physical Plant and Physical Planning into Facilities Management
- Establishment of Office of Planning and Analysis to coordinate master planning, capital budget process, operating budget process, and strategic planning office
- Implementation of financial management information system (CUFS)
- Reorganization of audit functions and establishment of Regents' Audit Committee
- Consolidation of Academic Personnel and Civil Service Personnel into an integrated Human Resources Department
- Development and implementation of new private practice plans
- Changes in the processes of the Human Subjects Committee
- Revision of the conflict of interest policy
- Changes in the management and reporting of research funds
- Training programs for academic administrators
- Many changes in key positions and recruitment of new personnel.

As you can see, a very comprehensive agenda has been pursued, but much certainly remains to be done, especially when it comes to the fine tuning of some of our management practices.

If you would like further information concerning any aspect of the reorganization and management changes that have been undertaken, I will be delighted to provide that information. It is extremely important that we keep a sense of progress and momentum as we continue to tackle what is an extremely important and complex agenda.

We share much of this reform agenda with other universities across the country. We continuously learn from other institutions, especially within the Big Ten, and especially through such cooperative organizations as the Committee on Institutional Cooperation (CIC, the Big Ten plus the University of Chicago). It is gratifying to note that we are also being studied by sister institutions as models for reorganization efforts that they are undertaking.

#### **• National Accreditation •**

One of the national reform efforts now under way involves the entire structure and procedure of accreditation on a nationwide basis. Partly as a result of new federal regulations that have been issued, the major educational associations (NASULGC, AAU, ASCU, Council on Education, and others) have established a National Policy Board that has proposed a new system of national accreditation. Instead of relying solely on the traditional system of regional accreditation, in our case by the North Central Association, a national board with a majority of public, non-university members would be established to oversee national accreditation. Regional accreditation would continue under the auspices of such a national board. I believe that these efforts are very important. The Association of Governing Boards has just issued a comprehensive overview of this project, which is available in the Regents' Office upon request. I will discuss with the Chair and Vice Chair of the Board the possibility of devoting some Board time to review these issues.

#### **• Review of Human Resources/Including Compensation •**

We have developed an agenda for a comprehensive review of the structure of human resources management in the University, including compensation.

A task force that I appointed in February of 1994, chaired by Mr. Charles Denny, retired CEO of ADC Telecommunications, has made recommendations concerning principles for establishing administrative salaries.

A subcommittee of that task force has just submitted a report on salary policies for Women's Intercollegiate Athletics that are incorporated in the

draft report to the Legislature, which you will find in the docket under Committee on Faculty, Staff, and Student Affairs. (The 1994 Legislature requested this report). I want to express my deepest appreciation to Sandra Hale (chair) and all the members of this subcommittee. They have provided not only a superb and exceedingly helpful report, but their work represents a major leadership role for the University of Minnesota in what is a complex national question. No other university, to my knowledge, has tried to tackle the issue of appropriate compensation for coaches across men's and women's athletics. The subcommittee's report, itself, reinforces this by noting that "no national compensation model of this nature exists in intercollegiate athletics."

The reasons for this are not hard to find. Compensation practices in athletics have reflected, over many years, large differences in "revenue sports" and the rest of the sports, whether men's or women's. In addition, the subcommittee points out that there has been a history of compensating coaches of women's sports lower than coaches of men's sports. As the subcommittee pointed out correctly, market-based pricing (necessary in order to remain competitive in a given sport) may conflict with issues of internal equity. It is precisely because this is such a complicated and difficult issue that no university—up until now—has really stepped forward to provide leadership.

I think all Minnesotans will be proud that their University, thanks to the work of the subcommittee and the many University staff members who assisted it, is now in a leadership position in what will certainly be a major national dialogue in the coming years.

Another task force, chaired by Professor Carl Adams of the Carlson School of Management and vice chair of the Senate Consultative Committee, is reviewing faculty compensation. All of these recommendations will be brought together in the spring as we bring to you our recommendations concerning compensation for 1995-96 and compensation strategies for the future.

### **• Women's Athletics •**

Concerning the compensation issue in Women's Athletics, see above. In regard to the volleyball coaching position, we received notice on December 30 that Coach Stephanie Schleuder had filed a charge with the Minnesota Department of Human Rights, challenging the non-renewal of her appointment. A law suit seeking a temporary restraining order against appointing a new coach was also filed in Federal Court by Ms. Schleuder's lawyer on December 30. That suit was subsequently withdrawn on Tuesday, January 3. Then, on January 5, the Department of Human Rights filed a motion in State District Court, asking the court to order Ms. Schleuder's reinstatement. A hearing on that matter is scheduled for Monday, January 23.

## • NCAA Convention •

One of the 150 issues on the agenda for the NCAA convention January 8 through 11 was of overriding importance. In 1992 the NCAA adopted a rule whereby athletes would be eligible for play as freshmen only if they had a C+ average in high school and met certain minimal SAT or ACT test requirements. The convention considered whether to (1) implement this requirement in 1995, as originally stated, (2) postpone implementation until 1996, as proposed by the Presidents' Commission, or (3) cancel the new requirement altogether. I instructed our delegates to vote for the second option—which was approved by the convention—maintaining the new requirement, but postponing its implementation until 1996. The reason for the postponement is the fact that the SAT scores are being "recentered" at this time, and this has caused some possible confusion as to which scores are appropriate.

I believe that the national effort to increase the academic requirements for eligibility is a very important one. Some significant gains have been made in recent years and have already had some beneficial effect, I believe, in the form of increased graduation rates for all athletes, including African-American athletes. Setting academic expectations is, I believe, the best way to ensure improved academic preparation and improved success in completing a meaningful college curriculum. While I have given instructions in this regard that go against the majority vote of the Assembly Committee on Intercollegiate Athletics, there is no profound conflict involved. I have been in contact with representatives of the Committee, as well as with other interested parties, and we clearly share the goal of improved educational success for athletes. We do have some differences as to the means, and especially as to the timing of requiring the higher standards.

Let me stress what is involved: We are not excluding potential athletes from being admitted by the vote that I am asking our delegates to cast; we are simply saying that athletes who do not meet the C+ and test score requirements in high school should not play during their freshman year. They can receive financial aid, and they can practice with the team, but they will not have the pressure of competition upon them until they have established themselves academically. I have also instructed our delegates to vote for four years of eligibility for such students, if they establish themselves in their freshman year as making satisfactory progress under the rules of the particular university. The main concern is, of course, the educational success of the students in this category.

## • Personnel •

**Dean Patrick Borich** has retired from the deanship of the Minnesota Extension Service after many productive years as a leader within this important organization. He has been a pioneer in reorienting the

Extension Service toward the broader agenda that faces the communities it serves at this time. He has achieved national recognition for his efforts, as well as the respect and affection of all of us who have had an opportunity to work with him on the local level. A vigorous Minnesota Extension Service is one of our continuing goals under U2000. We have every intention of building on the strong Borich legacy.

**Dean Richard Jones** from the College of Agriculture has accepted a position as Dean for Research and Director of the Florida Agricultural Experiment Station at the University of Florida. Dean Jones has provided strong leadership to this very important College, and will be sorely missed by us, his colleagues. Vice President Gene Allen has appointed Associate Dean Michael Martin to take over as Acting Dean when Dean Jones leaves on January 20, 1995, and a search for a permanent placement will be initiated shortly.

**Vice President Anne Hopkins** has accepted the provostship at the Miami University of Ohio, a prestigious position at a prestigious university. Vice President Hopkins has made many fine contributions to the University since joining us in March, 1990, not least in regard to the Undergraduate Initiative. The Board has heard regular reports by Vice President Hopkins concerning the initiative, and it has been one of the success stories of recent years, thanks in large measure to Vice President Hopkins' efforts. I want to express to her my deep appreciation for her many contributions and wish her all the best in her new important assignment.

I am very pleased that the search for a new chancellor at the University of Minnesota, Duluth, has reached a successful conclusion with your approval of the appointment of **Dr. Kathryn Martin**, effective August 1, 1995. As dean of the College of Fine and Applied Arts on the University of Illinois Urbana-Champaign campus, Dr. Martin managed seven academic units: architecture, landscape architecture, art and design, dance, theatre, urban and regional planning and music. Before that, she served as dean of the School of Fine and Performing Arts and Communication Arts at Wayne State University in Detroit. This has been an extraordinarily effective search, with a fine search committee chaired by Vice Chancellor Gregory Fox at UMD, and with strong community participation.

Two finalists for the position of **Provost for Professional Studies** on the Twin Cities Campus have been identified and are going through the final round of interviews at this point, including opportunities for members of the Board to meet with the candidates. I expect that we will be able to finish this search in time for the February Board meeting.

The search for the **Provost of Arts, Sciences, and Engineering** is also nearing completion. At this point I am not sure whether the final round of interviews can be completed before the February Board meeting, but we will do whatever we can to make that possible.

# UNIVERSITY OF MINNESOTA

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January 25, 1995

The Honorable Wendell R. Anderson  
The Honorable Julie A. Bleyhl  
The Honorable William E. Hogan II  
The Honorable Jean B. Keffeler  
The Honorable Hyon T. Kim  
The Honorable H. Bryan Neel III  
The Honorable Mary J. Page  
The Honorable Lawrence Perlman  
The Honorable William R. Peterson  
The Honorable Thomas R. Reagan  
The Honorable Darrin M. Rosha  
The Honorable Stanley D. Sahlstrom

Dear Ladies and Gentlemen:

Governor Carlson has announced budget recommendations for the University totaling \$60.8 million in new state funds, nearly 70% of the state contribution that we requested in our biennial budget partnership proposal. (Brief summaries are enclosed.)

In the context of constrained state budget resources, this must be regarded as a very supportive budget and a strong, positive foundation for our continuing discussions with legislators and legislative committees.

Clearly, the Governor has demonstrated his understanding of the importance of the University's partnership with the state, and he has affirmed his commitment to the University through highly supportive comments, as well as the additional resources.

*"The University has taken bold steps to address the challenge facing all institutions of higher education: maintaining excellence in an environment of increasing costs and slower growth of public resources. It has closed a campus, made significant internal reallocations among its colleges, controlled salary growth, and crafted a strategic plan—University 2000—to guide future decision-making. The Governor commends President Hasselmo, the Board of Regents and the University community for their effort and accomplishments."*

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January 25, 1995  
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The legislature is faced with substantial differences between our partnership proposal and the Governor's. Beyond the difference in the total new state funds proposed—\$87.7 million in our proposal; \$60.8 million in the Governor's—only \$7 million of the Governor's recommendations would be recurring funding. The Governor has proposed that \$53.8 million of the new state funds be "one-time appropriations ... \$1 million for continued research on wheat scab ... (and) \$52.8 million to leverage investments that will assist the University in achieving the goals set forth in its strategic plan, University 2000."

Our proposal called for only \$9.1 million in one-time appropriations and \$78.6 million in recurring appropriations. In a nutshell, larger one-time appropriations would mean that our recurring, long-term commitments will have to be covered through greater reliance on reallocation, tuition increases, and other revenue increases. And, since most of the University 2000 investments that we have proposed are recurring investments, a change to one-time appropriations would require modifications of our plans.

For all of public higher education, the Governor has recommended that undergraduate tuition increases be held to 3% per year. If any of the systems decide that larger increases are necessary, they would also be responsible for covering any additional costs of grants to students awarded by HECB's State Grant Program. Since our partnership proposal calls for at least 4.8% per year increases in total tuition revenue, we would be subject to this provision.

With respect to our State Special appropriations, "to allow the University maximum flexibility in meeting the budget challenge, the Governor recommends that all University Special appropriations be folded into the Operations and Maintenance budget." He further recommends that compensation increases be held to the inflation estimate of 3% per year, and that we "give priority to investments in the University's teaching and research missions over programs dedicated to public service."

Over the next several weeks, we will be analyzing the detailed consequences of the Governor's budget recommendations. This will undoubtedly be a matter of active discussion with the legislative committees as they consider our original proposal and the Governor's proposal in making their appropriations decisions.

My heartfelt thanks go out to the Regents, the University community, and our alumni and friends who have actively supported our partnership proposal in their comments to the Governor and legislators.



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The Governor's recommendations and supportive comments deserve our thanks, and I urge you to let him know, as I have, that we appreciate his support.

Cordially,

A handwritten signature in cursive script, appearing to read "Nils Hasselmo", written in dark ink.

Nils Hasselmo  
President

Enclosure

c: Mr. Steven Bosacker, Executive Director and Corporate Secretary  
Student Representatives to the Board of Regents  
Administrative Council  
Staff Coordinating Group  
Senate Consultative Committee  
Civil Service Committee  
Academic Staff Advisory Committee

## Governor's Recommendations

### Financing of the Biennial Budget Partnership Proposal

24-Jan-95

(\$'s in millions)

O&M and State Specials

#### University of Minnesota State Partnership Proposal

State 61.0% -- UM Community 39.0%

	FY96	FY97	Biennial	
BUDGET PROPOSAL	\$55.1	\$88.6	\$143.7	PERCENT SHARE
State @ 6.0% / 6.0%	\$32.0	\$55.7	\$87.7	61.0%
Tuition @ 4.8% / 4.8%	\$8.5	\$17.8	\$26.3	18.3%
Other UofM Revenue Increases	\$0.5	\$1.0	\$1.5	1.0%
University Responsibility	\$14.1	\$14.1	\$28.2	19.6%
	\$14.1 Average annual reallocation			

#### Governor's Recommendation

State 42.3% -- UM Community 57.7%

BUDGET PROPOSAL	\$55.1	\$88.6	\$143.7	PERCENT SHARE
State - Recurring	\$3.5	\$3.5	\$7.0	4.9%
- Non-recurring	\$18.1	\$35.7	\$53.8	37.4%
Tuition @ 3% / 3%	\$5.4	\$11.0	\$16.4	11.4%
Other UofM Revenue Increases	\$0.3	\$0.6	\$0.9	0.6%
University Responsibility	\$27.8	\$37.8	\$65.6	45.7%
	\$32.8 Average annual reallocation			

NOTES: Governor's recommendation converts ALL state specials to O&M funding.

Tuition Restriction / if the UM increases undergraduate tuition beyond 3% annually, any increase to state grant costs will be assessed against the University.

**President's Report  
to the  
Regents of the University of Minnesota  
Nils Hasselmo  
February 10, 1995**

Madam Chair, Ladies and Gentlemen of the Board, based on your favorable reactions to my "President's Report" letter prior to last month's meeting, I will continue to send you a preliminary version of my regular report. Following our meetings, I will then supplement my report, as needed, with further comments made during the meetings.

**• Biennial Budget Partnership Proposal •**

We are now engaged in legislative hearings on our Biennial Request Partnership Proposal, primarily with the University of Minnesota Division of the House Committee on Education and the Higher Education Division of the Senate Committee on Education.

We are presenting our original proposal, investments of \$143.7 million in the next biennium, comprised of:

- \$87.7 million from the state;
- \$28.2 million from University reallocation;
- \$26.3 million from increased tuition revenue, a 4.8% per year increase; and
- \$1.5 million from other University revenue increases.

As I reported last month, Governor Carlson's budget recommendations for the University of Minnesota include \$60.8 million, a very supportive state appropriation in view of the state's current and projected revenue situation, and a strong, positive foundation for our continuing discussions with legislators and legislative committees.

Under the Governor's recommendations, the investments of \$143.7 million would be covered by:

- \$60.8 million in state support;
- \$65.6 million from University reallocation;
- \$16.4 million from increased tuition revenue, a 3% per year increase; and
- \$0.9 million from other University revenue increases.

The \$60.8 million level of state support would still leave some very tough choices if we are to stay on course with the \$143.7 million in investments:

- If we held tuition revenue increases to our original proposal, 4.8% per year, it would mean reallocations of \$55.7 million, nearly twice the already ambitious reallocation goal.
- If we held reallocation to the originally proposed level, \$28.2 million, it would mean tuition revenue increases of 10.6% next year, 7.75% the year after, clearly pricing some programs and many students out of the market.
- Or, essentially splitting the difference, it would mean tuition revenue increases of 7.5% per year, with reallocations of \$40.4 million.

Beyond the difference in total state support, the other major difference between our proposal and the Governor's is that our proposal includes \$9.1 million in one-time investments, while the Governor has proposed that \$53.8 million of the state appropriation would be restricted to one-time investments. Only \$7 million is recommended as recurring appropriations, \$9 million less than is needed to simply maintain current quality.

In this session's legislative deliberations, it must be our first priority to maintain the level of the Governor's recommendation, then making the best case we can for the maximum possible level of recurring funding. We can, obviously, make good one-time investments that will support the goals of University 2000 and position us for the future. The fact is, however, that most of the \$143.7 million in investments that we need to make are recurring, and one-time investments cannot keep us competitive in the years beyond the next biennium.

#### **• Personnel Matters •**

With the appointments of Dr. C. Eugene Allen as Provost of Professional Studies, Dr. McKinley Boston, Jr. as Vice President for Student Development and Athletics, and Dr. Harold A. Miller as Acting Dean of University College, we have taken three major steps in the reorganization of system and Twin Cities campus administration and the further development of University 2000.

Dr. Allen fills the second of three provost positions, the first filled by Dr. William R. Brody, Provost of the Academic Health Center, who joined us last summer. The search for the third, Provost for the Arts, Sciences, and Engineering, is in progress.

As Provost for Professional Studies, Dr. Allen will have academic and administrative responsibilities for:

Agricultural Experiment Station  
College of Agriculture  
College of Architecture and  
Landscape Architecture  
Carlson School of Management  
College of Education

Humphrey Institute of Public Affairs  
College of Human Ecology  
Law School  
Minnesota Extension Service  
College of Natural Resources

Dr. Allen's appointment is effective immediately, at his current salary of \$129,000. On July 1, 1995, the salary will increase to \$143,000.

As Vice President for Student Development and Athletics, Dr. Boston will have some system-wide responsibilities, directing system-wide policy initiatives and coordinating aspects of system-wide programs that relate to student development and athletics. While the Student Affairs reorganization into Student Development and Athletics is not yet ready in all details, he will have Twin Cities campus administrative responsibilities for:

Athletic Academic Counseling  
Athletic Compliance Office  
Athletic Facilities  
Boynton Health Service  
Men's Intercollegiate Athletics  
Minneapolis Student Unions  
Recreational Sports  
R.O.T.C.

St. Paul Student Center  
Student Activities Office  
Student Judicial Affairs  
Student Legal Services  
University Counseling and  
Consulting Services  
Women's Intercollegiate Athletics

Under current reorganization plans, these would include the University Community Building Project, Radio K, and Programming for Residential Life (the Residence Halls would continue to report to Housing and Food Services, a department in Finance and Operations).

Dr. Boston's appointment is effective July 1, 1995, at a base annual salary of \$160,000. This will be supplemented by a privately-funded annuity of \$65,000 a year, which will not be fully vested until at least three years' service in the post.

Dr. Hal Miller's 28-year career as Dean of Continuing Education and Extension is not only an extraordinary term for a dean, it's a record of service and experience that makes him uniquely suited to serve as acting dean, continuing to build the University College envisioned in University 2000 on the strong foundation of Continuing Education and Extension. Hal knows where all the blocks in that foundation are; he put many of them in place.

As Acting Dean of University College, Dr. Miller will have system-wide and Twin Cities campus administrative responsibilities for:

Concerts and Lectures	Independent Study
Continuing Medical Education	Morris Center
in partnership w/Medical School	Professional Development and
Crookston Center	Conference Services
Distance Education Programming,	Rochester Center
Production, and Scheduling	Summer Session
Duluth Center	Twin Cities Higher Education
Extension Classes	Partnership

**• Administrative Reorganization - Transition Activities •**

Following my administration reorganization proposal last June, I appointed several working groups to study and recommend the transition steps needed to implement the reorganization.

The Transition Advisory Committee, chaired by Geography Professor John Adams, who also chairs the Senate Consultative Committee this year, was asked to advise on governance policy changes and other governance issues prompted by the reorganization.

The Transition Task Force Steering Committee, co-chaired by Senior Vice Presidents Bob Erickson and Jim Infante, was asked to manage and coordinate the assignments to be performed by two Task Force subcommittees:

The Transition Task Force Systems Subcommittee, chaired by Associate Vice President and Vice Provost Bob Kvavik, was charged with reviewing and recommending post-reorganization changes in the organization, functions, and staffing of the Academic Affairs and Finance and Planning offices, conducting an in-depth review of both offices and recommending changes that will increase significantly the efficiency and effectiveness of both support organizations.

The Transition Task Force Provostal Subcommittee, co-chaired by Senior Vice President and Provost Jim Infante and Associate Vice President Dick Pfutzenreuter, was assigned responsibilities for policy, process, and procedure recommendations relevant to:

- the interface of Provosts and Chancellors and the staffs with system administration
- the line responsibilities being decentralized to Provostal offices, the horizontal relationships that should exist among them, the staffing needed, and appropriate oversight mechanisms
- the resource allocation process, given that the colleges will remain the principal planning and budgeting units, and the leadership role of the Provosts and Chancellors in preparing and managing plans and budgets.

I am pleased to report excellent progress on all of these groups' activities since last summer.

### Transition Advisory Committee

The final report of the committee, submitted December 28, 1994, includes the following recommendations, which are now being pursued:

1. The integrity of the all-University Senate structure, Senate committee structure, and Senate consultative process remains unchanged until fall, 1995.
2. The Faculty Consultative Committee, in consultation with the president, should appoint by the end of January, 1995, a reconstituted Governance Task Force to design a consultative and governance framework to be proposed, adopted, and implemented during the 1995-1996 academic year.
3. The Twin Cities Campus Assembly remains unchanged for the time being—at least until fall, 1995.
4. The Twin Cities Campus Assembly Steering Committee, the steering committee's role of interaction with central officers, and the assembly committee structure remain intact—at least until fall, 1995.
5. Senate steering committee structures remain unchanged, at least until fall, 1995. The Senate Consultative Committee (SCC) continues as the steering committee for the University Senate and for Senate agendas emphasizing all-University matters; the Faculty Consultative Committee (FCC) continues as the steering committee for the Faculty Senate; and the Student Consultative Committee (SSCC) continues as the steering committee for the Student Senate.
6. Faculty/Senate Consultative Committee members continue to be elected to represent faculty (and students) at large, and not specific institutes, colleges, campuses, or provostal areas.
7. SCC, FCC, and SSCC continue interaction with central officers on all-University matters and on Senate business, following schedules already in place—twice per month through the 1994-95 academic year.
8. The Twin Cities Campus Assembly should subdivide along provostal area lines, with senators from each area forming constituent assemblies for purposes of consulting with their respective provosts on matters of internal policy, internal organization, and operation. It is anticipated that provostal assemblies will function with provosts

in a manner analogous to the way in which the Twin Cities Campus Assembly functions with central administration.

9. The Senate Consultative Committee is urged (1) to create the provostal assemblies; (2) to specify appropriate authority for the provostal assemblies; (3) to require that each assembly develop a constitution to formalize its structure and operation; and (4) to request funding and staff support for the establishment and operation of provostal assemblies.
10. The all-University Academic Staff Advisory Committee (ASAC) should remain intact through the current year and beyond, to assist the president and the provosts in developing governance and consultative routines appropriate with each of the provostal areas. ASAC will continue its strong working relationship with the Senate Committee on Faculty Affairs. ASAC should include representatives from each provostal area.
11. The all-University Civil Service Committee (CSC) should remain intact through the current year, to assist the president and the provosts in developing governance and consultative routines appropriate within each of the provostal areas for non-bargaining unit civil service personnel. As governance and consultative structures are reorganized, CSC recommends expansion to 15 members, with three from each of the provostal areas (9), one from each coordinate campus (3), and 3 from units reporting directly to administrators other than chancellors and provosts.

#### Transition Task Force Provostal Subcommittee

The Provostal Subcommittee has undertaken the monumental—and, in our history, unprecedented—task of sorting out and clarifying the roles, responsibilities, and requirements of four levels of University management: President/Central Administration; Provosts and Chancellors; Colleges and Administrative Units; and Departments/Programs/Faculty.

The Subcommittee's work covers fifteen functional areas:

Provostal Subcommittee and Transition Task Force Steering Committee recommendations on three areas were submitted to me in October, and I approved them on January 10:

Resource Allocation  
Facilities Management  
Environment, Health, and Safety

The Subcommittee and Steering Committee submitted to me their recommendations on six more areas on January 27, and I have just approved these recommendations:



Institutional Relations  
Human Resources  
Student Affairs  
Outreach Activities  
Instruction  
Strategic Planning

The Subcommittee is currently working on the six remaining areas, anticipating completion before the end of February:

Legal Affairs  
Diversity  
Research  
Technology  
Financial Management  
Data Collection

It is obvious from the first nine "chapters" that our final product will not be "The Great American Novel." It's tough reading, and it won't have much market appeal. It will, however, be a very important, long-needed, and useful management tool. Its systematic clarification of responsibility and authority would have been valuable even without reorganization; with reorganization, that clarification is critically valuable.

From a very personal perspective, I have served at all four levels of university management: program and department head; associate dean of a college; provost; vice president and president. It would take a long—and depressing—book to recount the number of times, in each of those roles, that such a road map of responsibilities and authority would have avoided or solved problems. I firmly believe that our current effort will produce that kind of value to all levels of managers, as well as all of those responsible for governance.

#### Transition Task Force Systems Subcommittee

Early in the meetings of the Systems Subcommittee, it was recognized that the reorganization of central administration should be informed by the work of the Provostal Subcommittee. Within the reorganization of central administration, there were different schedules for the reorganization of Finance and Operations and the reorganization of Academic Affairs. Much of the reorganization of Finance and Operations had already been accomplished, but the reorganization of Academic Affairs would not be comparably advanced for several months. That effort has been the priority since early fall.

Recommendations for the reorganization of Academic Affairs are nearly completed, and I anticipate that I will be able to present the complete plan at the March meeting of the Board.

**President's Report  
to the  
Regents of the University of Minnesota  
March 9, 1995**

Madam Chair, Ladies and Gentlemen of the Board, since last month's meeting, I've been encouraged by a number of special events that have reflected and illustrated important features of the University 2000 vision.

**• President's Retreat •**

Our annual President's Retreat was held on February 27, attended by the Administrative Council, the Deans, and selected others. These have always been productive sessions, but I am particularly encouraged by this year's discussion. I can't possibly summarize a full day's active discussion in a page, but I can synthesize the most important points:

1. The University's academic administrators recognize and understand the need for change—in higher education generally, in the University of Minnesota, and in their own campus, provostal, collegiate, and academic support units.

This year's discussion reflected continuing growth—since the 1992 retreat in Northfield—in the awareness and practical appreciation of the challenges.

Provost Bill Brody's presentation of the Academic Health Center as a case study provided additional urgency, showing convincingly how rapidly and dramatically the forces of change can work—and how those forces can and will affect universities in general as well as academic health centers.

2. University 2000 is clearly established as the framework for academic planning.
3. The Provosts, Chancellors, and Deans are taking leadership, within and across their units, to make real change within the framework of University 2000.
4. There is strong consensus on the importance of:
  - internal communications and computer networking;
  - departmental and faculty leadership, authority, accountability;

- pragmatic steps toward change, recognizing units' histories and cultures;
- changing a culture that has encouraged continuous revisiting of decisions;
- interdisciplinary partnerships;
- standardizing and simplifying administrative processes, both for cost-effectiveness and allowing academic leaders to lead;
- listening to customers;
- celebrating accomplishments.

In sum, this was the discussion of pride, change, and leadership that I had hoped it would be—no illusions about the challenges we face, frank and open discussion of the issues, and, most important, a palpable sense of common direction for the future.

#### • Taconite Conference •

On February 28 and March 1, the University was honored to host a conference entitled "A Discussion of the Minnesota Iron Ore Industry -- A New Beginning." The conference was supported by a grant from the Iron Range Resources and Rehabilitation Board, the leadership of Regent Reagan, Senior Vice President Infante, NRRI Director Mike Lulich, and Associate Vice President Tony Potami, and a whole lot of staff work by Florence Funk.

To quote from Jim Infante's letter of invitation,

*Our goal for this conference is the establishment of a base of knowledge and support that will act as a spring-board for the future development and shaping of the iron ore and steel industry. We are bringing together some of this industry's best minds to explore issues such as technology, research, innovation, environmental concerns, efficiency and productivity, international trade and competition. The conference will present the perspectives of labor, management, government, and consumers. Presentations and discussions will center on the industry's efforts to strengthen itself through technological innovation, public-private cooperation, and global competitiveness.*

The conference also served as a celebration and reminder of the crucial contributions of Professor E. W. Davis and the University to Minnesota's taconite industry. Professor Davis's work is history; the economic impact of the taconite industry continues:

- \$2 billion paid back to Minnesota in the form of tax revenues;
- more than a billion dollars still generated every year in the Minnesota economy, with impacts on 600 Iron Range companies, 400 Duluth companies, and 700 companies in the Twin Cities and elsewhere in the state;
- 40 million tons of iron ore produced each year for the U. S. economy.

**In terms of the industrial value, economic activity, and tax revenue generated by taconite production, we believe it is, by far, the most valuable technological process ever transferred from a university laboratory to an industry. That's any university, anywhere, public or private.**

That process of technology transfer from the University to industry also continues, especially through the Natural Resources Research Institute at UMD and the Mineral Research Laboratory at Coleraine. This conference was an opportunity to reaffirm future partnerships, ensuring that the most productive long-term solution in our history continues to be a long-term solution in Minnesota's future.

#### • Center for Transportation Studies Grand Opening •

The March 6 grand opening of the Center for Transportation Studies space in the new Transportation and Safety Building celebrates another productive partnership.

The Center was started years before U2000, but it's an excellent example of several aspects of U2000:

- Highly coordinated effort for long-term solutions, long-term talent
- Model of interdisciplinary thinking, not just within the University, but also within the public and private sectors dealing with transportation, broadly defined
- Wide range of research on problems of critical importance to state
- National research and education institute
- Wide range of teaching - undergraduate, graduate, post-doctoral, continuing education
- Real outreach—one of our strongest public-private partnerships
- Greatly improved access of government and industry to University resources

- Culture of user-friendliness, especially in helping students find internships, jobs, connections with practitioners
- \$5.5 million a year in grants and contracts.

**• Chemical Engineering and Materials Science •**

On February 21, I hosted a dinner at Eastcliff, honoring the Department of Chemical Engineering and Materials Science. This was the first of a series of such events to recognize our distinguished departments. It has long been a basic truism in the academy that the department is the fundamental building block of university quality.

It is the departmental program that is evaluated and ranked nationally. When universities tout their institutional rankings, they are almost always talking about the number of departmental programs that are top ranked. It is the departmental discipline, nationally and internationally, that defines much of the substance of the teaching and research agendas. It is at the departmental level that hiring decisions are made, that teamwork is developed and sustained, that the day-to-day teaching and research interests of colleagues are shared.

The long-term development of our Chemical Engineering Department, and its later merger with Materials Science, are stories of strong leadership, interdisciplinary outlook, and the recruitment and retention of faculty talent. As summarized by Professor and Department Head H. Ted Davis,

*hiring, mentoring and retaining an intellectually diverse, first class faculty, inculcating them with a spirit of collegiality, stimulating their intellectual exchange and collaboration, and engendering in them the belief that teaching and research are essential pieces of a single cloth are all it takes to build and maintain a quality department.*

I enclose a copy of Professor Davis's thoughtful comments.

As part of our PEW Roundtable Discussions on strengthening academic departments, a faculty committee is currently working on a white paper entitled "A Proposal for Revitalization of Departments." I would be happy to share that paper with the Regents after it has been submitted.

**• Texas Events •**

**University of Minnesota Foundation / U of M Alumni Association**

Over the following weekend, as part of University of Minnesota Foundation and Alumni Association events in Texas, Pat and I had the opportunity to present the Trustees Society Diploma to Professor Neal Amundson, whose

remarkable leadership not only built this top-ranked department, but established its lasting culture of high quality performance.

Other UMF/UMAA events were held in Dallas and Austin. In Dallas Friday night, Dr. Robert Callewart (Med. '55) and his wife, Mary Anne hosted a President's Club reception in their home. On Saturday, in Austin, a luncheon was hosted by Jocelyn Hurd (CLA '53), UMAA Austin Chapter President, and her husband, Dr. Richard Hurd (Ph.D. Inorganic Chemistry '56). That evening, a President's Club/UMAA reception was held in the Metropolitan Club.

### • Education News Conference •

On March 1, I participated in a statewide education news conference with Jay Noren, Interim Chancellor of the Minnesota State Colleges and Universities (MnSCU) and Peter Hutchinson, Superintendent of the Minneapolis Public Schools. While one news account described it as "part of the biennial exercise among competing interests when they seek a piece—or bigger piece—of the state's budget pie," we came together for this news conference with shared—not competing—messages:

- the importance of partnerships among K-12 and higher education;
- the long-term importance of K-12 and higher education to our state;
- the need for long-term, partnership investment by the state in both K-12 and higher education.

Our major purpose was to speak with one voice in support of Minnesota's investments in education, but we need to emphasize the great progress that has been made in developing educational partnerships. In a legislative budget year, those partnerships can't be expected to attract as much media attention, but they're critically important to the future of Minnesota's educational enterprise.

Beyond such system-to-system collaborations as the Minnesota Transfer Curriculum, MINITEX, and other library and distance education initiatives, the University of Minnesota has many cooperative programs with MnSCU institutions:

- The University's Leadership Academy provides doctoral programs for Technical College administrators;
- Through the Twin Cities Higher Education Partnership, cooperative bachelor's degrees are offered by community colleges and the University in Information Networking and Applied Business – and I hope soon in Emergency Services and other areas;

- A University master's degree in Nursing is offered in cooperation with Moorhead State University, using distance education;
- A cooperative doctoral program is offered with St. Cloud State;
- And, of course, a variety of joint programs are offered at the Rochester University Center.

Colleges and universities prepare teachers and administrators for K-12 schools. The University also shares educational research with K-12 schools and school districts through the Center for Applied Research and Educational Improvement (CAREI), which has just inventoried **368** collaborative efforts connecting University of Minnesota faculty, staff, and students with Pre-K-12 students, schools, and programs. (The previous biennial report from CAREI listed 268 such programs in the University; we've thus seen a further growth of 100 programs!)

The 368 programs listed in the CAREI report have brought \$17,556,000 into the University and reflect a partnership of sources:

• Foundations	\$1,565,000
• Private Groups	500,000
• Federal Government	11,085,000
• State/Local Government	1,840,000
• School Districts	1,012,000
• Fees	1,445,000
• Other Donations	109,000

Altogether, the programs report serving approximately:

- 676,000 students from birth through post-secondary age
- 36,800 teachers and administrators, 1,060 schools, 296 school districts
- 12,000 families and 126,000 community participants.

### • Budget Process •

The schedule of our budget process is as follows. Budget documents are now due in the Budget Office by March 17. From March 20 to April 17, budget reviews will be conducted by the Budget Office staff and Senior Vice Presidents Erickson and Infante. Then, from April 17 to May 3, the President's budget hearings with the Provosts, Vice Presidents, Chancellors, and executive unit heads will be held. I will make my budget recommendations to the Board of Regents at the May meeting.

In the meantime, we will review with the Board issues that are of fundamental importance to our budget making; the March agenda includes discussions of compensation and tuition issues.

**• Personnel •**

The two finalist candidates for Twin Cities campus Provost for Arts, Sciences, and Engineering have been interviewing last week and this week, and I have asked for written comments by March 15. Arrangements are now being made for members of the Board to interview the candidates.

**• McKnight Land-Grant Professors, 1995-1997 •**

The McKnight Land-Grant Professorship program was established in 1987 with matching funds from the McKnight Foundation and the Permanent University Fund. It's a major investment in young, talented faculty members, awarded early in their careers when they most need the time and financial support to establish their research programs. It provides a \$20,000 research grant in each of two years, with a year's leave in the second year to concentrate on the research program.

This is a competitive award, for which a department can nominate its most promising assistant professor. Nominations are reviewed by a selection of faculty from across the University. Winners are chosen for their potential for important contributions to their fields; the degree to which their past achievements and current ideas demonstrate originality, imagination, and innovation; and the significance of the research and the clarity with which it is conveyed to non-specialists.

Nine new professorships have been awarded for 1995-1997, bringing to 85 the total number of recipients since 1987. The list of the 1995-1997 McKnight Land-Grant Professors, with brief descriptions of their research areas, is appended.

**Appended:** "The Making of a Fine Department" Professor H. Ted Davis  
"McKnight Land-Grant Professors, 1995-1997"



## The Making of a Fine Department

H. Ted Davis

Eastcliff

21 February 1995

Nils asked me to offer a few comments on the specifics of what constitutes a first rate department of the university, e. g., individual accomplishments, departmental funding statistics, student placements and the like. There is certainly a story there. The Department produces some 120 B.S., 10 M.S. and 30 Ph.D. degrees per year. The faculty publish in refereed journals some 200 papers per year and various members have written books that have become important textbooks or reference books in the field. We and MIT are the leading departments in the production of faculty in chemical engineering. The faculty have been the recipients of many awards and numerous invited lectureships. Collectively, they are regularly offered prestigious professorships, endowed chairs, headships and the occasional deanship. By and large we have been refractory to these attempts to raid us. Four are members of the National Academy of Engineering. Two of these are members of the National Academy of the Arts and Sciences and are Regents' Professors. The average research funding per faculty member is \$300,000 per year. As a part of the University's capital fund drive the Department has accumulated a 6.5 million dollar endowment. These statistics are certainly measures attesting to a high quality department.

Rather than dwelling on the details of such measures, which most of those present already know, I decided to comment on what I think has made Chemical Engineering and Materials Science a first class department.

The first steps to building a good department are to have a vision of where the disciplines served by the department need to be in the future and to aggressively acquire an outstanding faculty that can move the department into these areas.

Once the vision is set, hiring, mentoring, and retaining high quality faculty is the most important single factor in building and maintaining a quality department and the University has to see to it that the ability and will to do this are not compromised by procedure or policy.

In our case, the process of building a high quality department really began in 1956 after Neal Amundson returned from an inspirational year at Cambridge. He realized during the year at Cambridge that the chemical engineering education and practice of the future would have to incorporate more of the fundamentals of mathematics, chemistry and biology. He also formulated the plan, brave even now in most engineering fields, to do this by hiring faculty trained specifically in the targeted areas and to retrofit them as chemical engineers.

It is interesting to compare Amundson's methods for hiring high quality faculty with those we practice now. Amundson hired opportunistically: an outstanding individual was spotted and the Department proceeded to try to hire the person. Doc Halverson, then head of microbiology, alerted Amundson to an outstanding young microbiologist, Henry Tsuchiya and he was hired. While in England Amundson met Rutherford Aris and later lured him into a research associateship and hired him, assisted by the fact that young Aris fell in love with and married his American wife Claire. Amundson met Bill Ranz while he was a graduate student at Wisconsin, saw him a couple of years later when Ranz was at Illinois, told him if he was ever looking for a job to call him and hired him away from Mechanical Engineering at Penn State five years later. Arnie Fredrickson, rheologist soon to be bioengineer, was tracked from his B.S. degree at Minnesota to his Ph.D. studies at Wisconsin under a young star, Bob Bird, and hired when he completed the degree. After his postdoctoral stint in Holland, John Dahler was planning a career in theoretical chemistry in a chemistry department until Amundson sought the help of John's Ph.D. advisor, Joe Hirschfelder, an outstanding theoretical chemist, to turn John's head to chemical engineering. Tom Baron, then a Department Director later President of Shell Development Company, alerted Amundson to Skip Scriven, a talented young chemical engineer honing his fluid and interfacial mechanics skills at Shell. In my case, I barely knew the name chemical engineering until John Dahler and I met in Washington and before I knew it I too had abandoned plans for a career in a chemistry department in favor of one in chemical engineering. I remember being excited by the enthusiasm and intellectual drive of the faculty. I was especially impressed when Amundson told me at the end of my visit that he had consulted with the faculty and that a job offer would be forthcoming. When the Department decided to add experts in catalysis and reaction kinetics, I identified Lanny Schmidt whom I had known to be an outstanding graduate student at the University of Chicago and John Dahler and I were dispatched to Kistiakowski's reaction kinetics laboratory at Harvard to look over Bob Carr, one of Kisty's promising postdoctoral students. They too were added to the faculty in short order.

Ken Keller was hired after he responded to the job advertisement. In this sense he was the first to be hired under the new method. In fact, opportunistic hiring of the sort practiced when Amundson was building the Department is hard to accomplish today. Now we have a rather rigid search process. It is slow and cumbersome. A new hire costs a lot more because of the advertising and the extensive interviewing required to assure fairness and affirmative action. This does not mean, however, that we cannot maintain as high hiring standards as those used during Amundson's era. The key to guaranteeing quality under present procedural rules is that the Department has to be willing to conduct a new search when a suitable candidate has not been found. In the post-Amundson era this is exactly what we have done and the results have been excellent. We have been able to do this because we have not been afraid that the open position would be taken back if it were not filled by a certain date. In today's climate at the University of Minnesota, I think one of the greatest threat departments face in maintaining quality is the prospects of losing a position because it is open. Our dean has promised us that he is not going to take back positions that come open under any circumstances other than by retirement. If he is able to honor that promise, quality hiring and retention is as safe now as it was in Amundson's era. Otherwise I believe there will be a slow but sure erosion of the quality of our best departments.

Hiring high quality faculty is the most important single factor in building and maintaining a quality department and the University has to see to it that the ability and will to do this are not compromised by procedure or policy.

Another important ingredient contributing to the quality of our department is collegiality. By collegiality I mean a mutual respect, trust and appreciation of the faculty for one another. It makes for small and efficient committees since the faculty trust one another to act in the best interests of the Department. Scholarly collaboration, joint research projects, and co-advised theses flourish in a collegial environment. This does not mean there are no big egos in our department: we can easily match the chemists and physicists ego-wise. The point is that a self-confident faculty in a collegial environment works as a team and competes with the rest of the world, not with each other. A few years ago a young physicist, who had been in the Department a couple of years, was entertaining a colleague from another university and was asked by the visitor "What are the cliques or factions in the Department?" When the young physicist responded "There are none." he was met with skepticism.

I consider this event especially telling since at this time we were fully developed as our present Department of Chemical Engineering and Materials Science.

Still another element important to the quality of our department is the belief that research and teaching are of a single cloth. They are complementary and mutually stimulating. We do not have "research professors." We only have professors who teach and do research. We do not have "buy-out" options whereby a professor can shed the responsibility of teaching by raising research money and having a large research group. It is our experience that outstanding researchers are outstanding teachers. As a matter of standard policy we do not let TA's do the lecturing, even in recitations. Exceptions to this policy are made when a graduate student has plans for a professorial career or has through seminars and the like demonstrated special ability as a teacher. Even then we expect the student's advisor to make a case for her or his teaching involvement.

One of the truly important innovations in teaching in the Department was team teaching. In 1959 Bill Ranz designed the system of team teaching that is still in use in the large core courses of the undergraduate program. Typically these courses have between 80 and 130 students. In the team-taught courses, the organizing professor lectures to the entire class Monday, Wednesday and Friday. On Tuesday and Thursday the class is split into small groups of 15 to 20 for recitation lectures that are designed by the organizing professor and presented by the team of 3 or 4 professors. The team teaching puts the students and faculty in closer contact to the mutual benefit of both. I think it is significant that in a recent review of the Department, a group of undergraduates told the review committee that they had had no course outside the department that was as well taught as those given inside the Department. Team teaching furnishes an efficient mechanism for keeping continuity in a core course while rotating the organizing professor every three or so years. When taking over a course a professor is free to modify the course, and frequently does, but has a time proven syllabus as the starting point.

Team teaching benefits the faculty in numerous ways. First of all, knowing that your colleagues are sitting in the audience provides an unparalleled incentive not to come to lecture unprepared. I remember many time in my early years of teaching when I stayed up nearly all night trying to get a lecture right-the fear of looking like an idiot in front of one of the senior professors provided the only pep-pill I needed to stave off sleepiness. Team-teaching also provides an easy mechanism for retrofitting those of

us coming from outside the engineering fields of the Department. To take a personal example, although as a chemical physicist I have never taken an engineering course, having taught or recited most of the chemical engineering curriculum I am virtually indistinguishable from the real thing.

While team teaching has played an important role in achieving and maintaining quality in the Department, it is admittedly more expensive than using TA's in recitations and so we always feel at some risk when trying to justify our costs per student credit hour to university administrators, especially during times of financial crisis such as we are experiencing now. I hope the administrators always realize that the fact that we raise two research dollars for every State dollar and that we are a highly rated department is not unrelated to our philosophy and practice of teaching.

The evolution of our department consisted of two stages. The first was Amundson's building a world-class chemical engineering department. The second was the development of a high powered Materials Science program. In 1970 the University dismantled the School of Mineral and Metallurgical Engineering. The I.T. Dean, Warren Cheston, asked the Department to take on the responsibility of absorbing a few faculty and of developing an engineering program in Materials Science. There was not a lot of enthusiasm for the prospects of doing this at first. Then, as now, we did not believe that bigger is necessarily better; rather we believed, and still do, that better is better. However, with the offer of an attractive dowry, a polymers program, the appropriate adhesive for interfacing the two fields, and most of the Mines and Metallurgy Building, our enthusiasm warmed considerably. In fact, in time a vision formed of a department supporting two closely intertwined engineering programs, the one concentrating on the discovery and characterization of the materials of future technology and the other on designing the processes by which these materials can be produced and shaped into the products of future technology. The spirit of intellectual diversity and interdisciplinarity that had developed during the growth period of the Amundson era made the Department easily receptive to new faculty from the fields of metallurgy, physics, polymer science, ceramics, organic chemistry and electrochemistry and over the two decades following our enfranchisement in Materials Science an outstanding group of scholars was hired from these fields. Today we are the envy of both the chemical engineering and the materials science communities. I have had numerous calls from people at other universities who see the mutual benefits of having a close coupling between the two programs and who are trying to create something like what we have here.

In summary, hiring, mentoring and retaining an intellectually diverse, first class faculty, inculcating them with a spirit of collegiality, stimulating their intellectual exchange and collaboration, and engendering in them the belief that teaching and research are essential pieces of a single cloth are all it takes to build and maintain a quality department.

## **MCKNIGHT LAND-GRANT PROFESSORS, 1995-97**

### **Prodromos Daoutidis, Chemical Engineering; Ph.D. University of Michigan**

Professor Daoutidis's research aims at creating novel methods for controlling the behavior of chemical processes in order to increase their efficiency and reduce environmental pollution. The methods currently used in the chemical industry assume linear behavior, whereas the majority of processes in modern technologies (e.g., biotechnology) are characterized by a strongly nonlinear behavior. This research, therefore, seeks to develop a comprehensive theory for the control of nonlinear processes. Theoretical investigations are coupled with applications to waste-water neutralization systems, high-purity distillation columns, and reactors for the production of polymers and biomaterials. These applications document the potential of the theory to achieve effective control in traditional and emerging technologies.

### **Craig J. Forsyth, Chemistry; Ph.D. Cornell University**

Professor Forsyth is developing new methods for the synthesis of organic chemical compounds and is studying some fundamental relationships between chemical structure and function at the interface of chemistry and biology. New synthetic methodology is being created for broad, general applications and to aid the construction of biologically important compounds. These synthetic compounds are being used in combination with chemical, physical, and biological techniques to study the phenomena of cancerous tumor growth and inhibition. Goals of this research are to enhance the general utility of chemical synthesis and to identify new therapeutically valuable chemicals and biochemical mechanisms.

### **Susan C. Mantell, Mechanical Engineering; Ph.D. Stanford University**

Fiber-reinforced, polymer matrix composites are playing a significant role in putting the United States back in a dominant industrial position. These materials are critical components for weight-sensitive applications such as aircraft and automobiles. Although much progress has been made in recent years to improve materials and develop processes, composites have yet to attain a level that is competitive with traditional metals in terms of cost, process controllability, and reliability. Professor Mantell is investigating innovative sensing methods to detect defects during the manufacture of composites. This research provides the foundation for future work in automating composites manufacture. Advances in these areas are crucial to moving composites technology, initiated in the defense industry, to the commercial sector.

### **Shahid Naeem, Ecology, Evolution, and Behavior; Ph.D. University of California**

Human expansion is dramatically reducing the diversity of plants, animals, and microbes in natural ecosystems the world over. The ecological consequences of this decline are unknown. Some theories predict no effects; others predict enormous effects, including alterations of global climatic conditions. Because biotic diversity is extraordinarily difficult to manipulate in natural ecosystems, Professor Naeem will use assemblages of microbial species as highly dynamic, laboratory models of ecosystems to explore how changing biodiversity affects the stability, resilience, and productivity of ecosystems. This research will provide some of the first direct tests of biodiversity theories.

**Nikolaos Papanikolopoulos, Computer Science; Ph.D. Carnegie-Mellon University**

Industrial robots currently lack the degree of flexibility for their efficient and cost-effective use. Professor Papanikolopoulos's research introduces the Controlled Active Vision framework, which increases robot flexibility by integrating a vision sensor in the robot control scheme. Future research will extend the Controlled Active Vision framework to the challenging problems of depth/shape estimation, automatic target detection, and vision-based grasping of moving objects. Solving these problems will be a major step towards the development of intelligent robots.

**Diana E. Richards, Political Science; Ph.D. Yale University**

A theoretical difficulty common to many fields is the integration of theories and observations between different levels of analysis. Most fields have theories at the microscale and at the macroscale, but have difficulty connecting theories at different levels. In political science these connections are most evident in the subfield of social choice, where individual preferences are combined to yield a collective outcome. Professor Richards' research examines the aggregation from individual to group in terms of chaotic dynamics, framed by three aspects: (1) establishing that the micro-macro connection manifested in social choices exhibits chaos in its nonequilibrium cases, (2) understanding what causes the complexity in the micro-macro connection, and (3) explaining how stability is achieved in practice.

**Carol K. Shield, Civil Engineering; Ph.D. University of Illinois**

Economical repair and rehabilitation of the country's infrastructure is desperately needed. Advances in production techniques have lowered the cost of manufacturing composite beams, making composite materials a reasonable alternative to steel and concrete. However, before composites can become common in civil engineering applications, their mechanical response must be accurately modeled; in particular, there must be a complete understanding of their buckling behavior. Professor Shield's research focuses on developing methods for analyzing the buckling of composite beams. This research is a necessary precursor to creating a suitable design code for the use of composites in civil structures.

**Marla Spivak, Entomology; Ph.D. University of Kansas**

Professor Spivak's research focuses on a particular aspect of the social behavior of honey bees, that of hygienic or nest cleaning behavior. Because selected lines of hygienic bees demonstrate resistance to an economically important parasitic mite, research on the bees' behavior may contribute to sustainable beekeeping practices worldwide. The broad goal of this research is to understand the biological bases for the behavior by (1) investigating the cues hygienic bees use to detect mites in the nest, (2) addressing theoretical questions on the division of labor in social insects, and (3) imaging neurons in brains of hygienic bees for the neurotransmitter octopamine, an important activator of behaviors in animals.

**John Watkins, English; Ph.D. Yale University**

Professor Watkins' study marks the first comprehensive survey of poems, plays, sermons, speeches, biographies, and prose romances about Elizabeth I that were produced in England between her death in 1603 and the death of Queen Anne in 1714. Through literary and historiographical analysis of individual texts, the study explores how competing legends of Elizabeth functioned in seventeenth-century debates about education reform, religion, foreign diplomacy, the status of women, and other public issues. The research centers on Britain's heightened interest in Elizabeth at three points of political crisis: the Gunpowder Plot against James I (1605), the execution of Charles I (1649), and the forced abdication of James II (1688).



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**President's Report  
to the  
Regents of the University of Minnesota  
Nils Hasselmo  
April 7, 1995**

Madam Chair, Ladies and Gentlemen of the Board, in this month's President's Report, I will outline the serious financial contingencies that we face for the next biennium; I will share with you the timetable for budget review and decision making for 1995-96; I will briefly describe three major issues that we are addressing as part of our management planning at this time; I will discuss the more detailed Work Plan that we are following in addressing the five goals we agreed on last July; and I will report on selected events since the March meeting.

**• Regents Page, Perlman, and Rosha •**

First, however, I want to express my thanks and the gratitude of the entire University community to Regents Mary Page, Larry Perlman, and Darrin Rosha for their combined fifteen years of service to the people of Minnesota as Regents of the University of Minnesota. We will have additional opportunities to honor them more fully later, but as this is their last meeting as Regents, I must express my respect for their dedication and skills, my affection for them as friends, and my heartfelt appreciation for the extraordinary sacrifices they have all made in order to support and govern a great university.

**• Provost for Arts, Sciences, and Engineering •**

This morning's discussion and action on the appointment of the Provost for Arts, Sciences, and Engineering was a difficult and uncomfortable situation for many of us, for many reasons, but it illustrated the challenges and the strengths of University governance. The Board was divided, honestly and publicly, again for many reasons. But, the Board acted, the appointment was made, and we will now get on with the business of implementing our reorganization and moving forward—with, I am confident, the full support of the Board.

The Board's approval of the appointment of Professor W. Phillips Shively as Provost fills the third key administrative position in the reorganization of Twin Cities campus into three provostal areas: the Academic Health Center; Professional Studies; and Arts, Sciences, and Engineering. To complete the reorganization, more attention can now focus on the more detailed reorganization steps that have been under study by the Transition Advisory Committee and the Transition Task Force and its subcommittees, the differentiation of roles, responsibilities, and staffing assignments.

Provost Shively's new assignment builds upon a distinguished, 25-year career as a highly respected University of Minnesota faculty member. It is especially notable that he was a 1989 recipient of the Horace T. Morse—Minnesota Alumni Association Award for Outstanding Contributions to Undergraduate Education. He has also served many important roles in University governance and administration, including:

- Chair, Political Science Department
- Chair, Senate Consultative Committee
- Chair, Senate Finance Committee
- Chair, Graduate Fellowship Committee
- Chair, Task Force on Second Language Instruction
- President, University Faculty Political Action Committee
- University Faculty Lobbyist
- 17-year member of the University Senate
- Special Assistant to the President
- Special Assistant to the President and the Vice President for Research.

As long as I've known Phil, his attitude toward University service has always been, "how can I help?" I'm pleased that it still is.

#### • Financial Contingencies •

In developing the 1995-96 annual budget, we already face the formidable challenge, placed before ourselves as part of the Partnership Proposal, of meeting a \$14.1 million reallocation target.

The Governor's recommendation, generous as it is, presents us with a potential \$10.4 million shortfall for 1995-96 as compared with the Partnership Proposal.

Other factors add at least \$10.6 million to our potential shortfall for 1995-96; these factors include lower-than-estimated tuition income and higher-than-estimated fringe benefit costs.

In addition to these immediate contingencies, we face the possibility of reduced federal funding, given the massive budget cuts that are being discussed and acted on in Washington at this time.

We also face strong competitive pressures, especially when it comes to faculty compensation. We are under fairly constant attack by other institutions, including several of the best in the country, for faculty talent, and this is bound to continue.

Finally, we face possible major liabilities because of regulatory missteps in the Department of Surgery and because of long-standing questions about FICA deductions for medical residents.

These financial circumstances should also be seen against the background of the \$50 million of cuts we have made over the last four years in response to state budget reductions, and the \$80 million of reallocation we have already carried out in order to support higher priority programs and activities within the University.

All in all, the unallocated financial problem we face on an immediate basis amounts to nearly \$22 million for 1995-96, and potentially several additional tens of millions over the next two or three years.

**• Timetable for Budget Reviews and Decision Making for 1995-96 •**

The following working schedule has been proposed for budget reviews and decision-making:

1. Regents' Meeting - May 11 or May 12

Central administration will set up budget discussions by describing the financial parameters that exist as of that date. Discussions will center on:

- The Biennial Budget Partnership Proposal's reallocation of \$14.1 million in 1995-96;
- The choices facing the University in view of the \$21.8 million in contingency needs arising out of the Governor's budget proposal, tuition shortfalls, and higher fringe benefit rates.

Specific choices involve trade-offs among tuition, compensation, further reallocations, and delaying the implementation of U2000 initiatives.

Overviews of the impact of the 1995-96 budget on the University's campuses and administrative areas will be presented by the Chancellors, Provosts, and Vice Presidents.

2. During the week of Monday, May 15, the Regents may wish to hold a one-half day public forum on the central administration's presentation of parameters and choices.

3. Regents' Meeting - June 8 or June 9

The President will present the University's 1995-96 budget proposal.

4. During the week of Monday, June 12, or Monday, June 19, the Regents may wish to hold another one-half day public forum on University's 1995-96 budget proposal.

5. Possibly on June 29 or June 30, a special meeting of the Board of Regents may need to be called for the purpose of acting on the 1995-96 budget proposal.

**• Additional steps taken that will have a significant impact on the operation and financing of the University •**

### **Human Resources**

A comprehensive review of our human resources policies and practices has been completed, and areas needing priority attention have been set. Thirteen major issues are being pursued by the Human Resources Department as part of its strategic planning:

1. Clarify HR roles and responsibilities under the new organization
2. Consolidate HR policies and contracts
3. Create broader HR policy statements
4. Consolidate all problem-solving models and procedures
5. Initiate development of Human Resources Information Services/ payroll system
6. Improve staff recruitment and hiring process
7. Improve efficiency of search procedures for administrators
8. Restructure faculty and staff compensation systems
9. Decrease cost of paid leave time
10. Review staff job evaluation system
11. Develop career development programs for staff
12. Develop staff skill sets to improve performance in current jobs
13. Expand administrative development to include succession planning.

A task force with representation from the community, chaired by Mr. Charles Denny, has accepted the task of taking a fundamental, longer-range look at the philosophy, policies and practices governing the University's recruitment, hiring, retention, evaluation, promotion, compensation, and dispute resolution for administrators and staff.

A report has recently been issued by a Compensation Task Force, chaired by Professor Carl Adams, Vice Chair of the Senate Consultative

Committee, which will serve as a guide for the development of both a strategic plan and a new distribution system for compensation of faculty and academic staff. Reviews of the compensation of all other categories of staff are also under way.

### **Responsibility Center Management**

Working groups and an advisory committee are being established to determine the best model for resource acquisition and allocation and resource management at the University. It is the assumption that some form of Responsibility Center Management will be adopted, which will concentrate the units' attention more directly on their role in cost effectiveness and revenue generation within established policies and agreed upon outcomes.

### **Change to Semesters**

Strong interest has been expressed in the Legislature in changing public higher education in Minnesota to a uniform calendar based on the semester system. The University is prepared to enter into that endeavor and is taking preparatory steps to make the appropriate change no later than the academic year 1998-99.

### **• President's Work Plan for 1994-95 •**

The Work Plan is grounded in the five goals recommended by the President and approved by the Board of Regents in July 1994:

**Goal I:** Continue development of University 2000 as a strategic plan.

**Goal II:** Continue to develop a program to ensure that institutional goals are responsive to the needs of Minnesotans, are properly understood, and are properly supported.

**Goal III:** Continue to clarify and strengthen the management infrastructure.

**Goal IV:** Continue to improve the operating and capital budgeting processes.

**Goal V:** Continue to improve the personnel policies, processes, and practices.

Copies of the Work Plan, with identification of outcomes, action plans, timetables, and point persons, are available in the Regents' Office.

**• California Alumni/Foundation Events •**

Last week, we held alumni/foundation events in San Francisco, Los Angeles, and San Diego. Over 200 alumni showed up and many signed up for the alumni chapters that are being formed in California. The attendees represented most of the campuses and colleges in the University, many areas of outstanding professional and personal leadership, and all ages from retirees to a new (fall 1995) freshman—all enthusiastic supporters of the University that has meant so much to them.

Special thanks go to Medical School alumni Dr. Paul Volberding and Dr. John Blum and his wife, Debra, who hosted events in San Francisco and San Diego, respectively, and to Al Larson, who is heading up our chapter in the San Diego area.

**• NCAA Women's Basketball Final Four •**

By all accounts, last weekend's Final Four tournament was a major success for the University and the community. It was the second largest attendance, with unprecedented national television coverage. It was a smoothly run tournament that reflected well on Minnesota, thanks especially to community volunteers Peggy Lucas and Linda Mona and to Chris Voelz, Karen Smith, and the staff of Women's Intercollegiate Athletics.

**• NASULGC Board Meeting •**

Earlier this week, I attended a meeting of the Board of Directors of the National Association of State Universities and Land-Grant Colleges, my first as chair. We dealt with several major national issues.

Of overriding concern was the future of public higher education in the face of reduced federal and state funding. We heard federal officials outline draconian scenarios for the next seven year, and reports from New York to California of drastic cuts at the state level.

We reviewed a proposal on "The Land-Grant University in the 21st Century," prepared by NASULGC President Peter Magrath—a wonderful effort into which our own plans fit nicely.

We adopted a policy statement on diversity to reaffirm important moral and education obligations in the face of challenges to affirmative action—principles that are valid regardless of legal or procedural frameworks of the day.

We continued the discussion of the proposal for a new national board to oversee accreditation—voluntary self-regulation to stave off intrusive federal regulation.

• Dinner with Vice President and Mrs. Gore •

Tuesday evening, April 4, Pat and I had the pleasure of dining with Vice President and Mrs. Gore to discuss their continuing interest in our Consortium on Children, Youth, and Family, an outstanding effort by our faculty that has gained well-deserved national attention.

It was gratifying to hear once again how much the Gores know about our Consortium, but particularly gratifying to hear how much they respect the University of Minnesota people and resources that they've come to know. You may recall that, with the Gores, our Consortium and the Tennessee Department of Human Services co-sponsored last year's "Family Re-Union III," an annual national conference on family policy. This year's conference will focus on the family and the media, and this was also the focus of Tuesday's evening's discussions.

• Danforth Foundation Grant •

I'm pleased to report that the Consortium on Children, Youth, and Family has also been recognized by a planning grant from the Danforth Foundation. Through the cooperative efforts of Richard Weinberg and Martha Erickson, Chair and Director, respectively, of the Consortium, and Robert Bruininks, Dean of the College of Education and Human Development, this planning grant is to design the next steps toward making our children, youth, and family initiative a full-scale institutional priority.

Since its establishment in 1991, the Consortium has had remarkable success in bringing together a diverse array of University and community resources dealing with the various aspects of children, youth, and family programs. All of these areas have been University strengths over the years, and the Consortium proved to be an excellent vehicle for building on those strengths through information sharing and collaboration, both within the University and between the University and the community.

Now we're ready to build further on that strong base of cooperation, defining children, youth, and family as a central University priority. As a land-grant university in the 20th century, we made enormous contributions to our Minnesota community through teaching, research, and outreach dealing with Minnesota's natural resources—agriculture, mining, forestry, water resources. For the 21st century, we have the programmatic strength to contribute as much to Minnesota's richest and most important natural resources—children, youth, and families—but that will take more coordination within the University and more systematic collaboration with our communities.

The planning grant will support further analysis of faculty interest and expertise, further analysis of community needs, priorities, and desired

outcomes, and further strategic planning with the communities, defining those areas where the University's contributions can have the greatest effect. The products will be short, middle, and long range goals, implementation strategies, and an action plan that unites and engages University and community interests and resources. The Danforth Foundation has a long history of encouraging universities to build and strengthen partnerships with their communities, and we are hoping that this grant will lead to their substantial long-term investment in our efforts.

**• Rochester Center •**

Yesterday's report on the cooperative programs developed and thriving at the Rochester Center was particularly encouraging, and we owe a great deal to Senior Vice President Jim Infante for his leadership and continued commitment to these collaborations among the University, the Rochester area's other higher education institutions, and especially the very supportive Rochester area community.

I cannot say enough about the contributions of the volunteer board of GRAUC, the Greater Rochester Area University Center, and the Rochester Chapter of the University of Minnesota Alumni Association, designated Alumni Association Chapter of the Year. GRAUC and Rochester Chapter activism and commitment have been extraordinarily positive forces for higher education in Southeastern Minnesota, developing a programmatic vision and an exemplary model of interinstitutional cooperation.

**• College of Liberal Arts 125th Anniversary •**

As announced this week, CLA's year-long series of 125th anniversary events will be capped off with this spring's commencement ceremonies, featuring a commencement address by First Lady Hillary Rodham Clinton. I must congratulate Dean Julia Davis for organizing a formidable, bipartisan effort to support our invitation through letters from Ambassador Mondale and Minnesota's entire Congressional Delegation.

**• School of Public Health 50th Anniversary •**

I'd also like to call Regents' attention to another year-long series of anniversary events, celebrating the 50th anniversary of the School of Public Health. The main celebration is this month, April 27-28, in the form of an educational symposium, "A 20/20 Vision for Public Health." The symposium will be held in the Park Inn International in downtown Minneapolis, and The Honorable Donna Shalala, Secretary of Health and Human Services, will deliver the major address.



• Najarian, Condie Indictments •

I cannot take issue with the media's coverage of the remarks I made in yesterday's briefing to the Board on the indictments handed down by the Grand Jury. Most of the coverage was limited to my comment that "this is, indeed, a sad situation."

That sums it up well, but for those who regularly receive my monthly reports, I would like to share the rest of my full statement.

The Grand Jury's indictments mark an important milestone in the MALG investigation. As you know, the University had already taken action, based on our own internal investigations and processes. This has been a difficult and trying period, but this Board and the faculty and staff of the University have demonstrated, I believe, their commitment to accountability.

Attention now will focus on the criminal justice process, where a judge and jury will hear the evidence and render their decisions accordingly.

The excellent Medical School and the Department of Surgery are here to educate future doctors and provide the most advanced health care in the world to our patients. As President, it is my hope that the School and the Department can now turn their full attention to that critically important work, giving the new leadership in the Academic Health Center, the Medical School, and the Department of Surgery the very best of their energy, industry, and creativity.

**President's Report  
to the  
Regents of the University of Minnesota  
Nils Hasselmo  
May 12, 1995**

Madam Chair, Ladies and Gentlemen of the Board, I want to begin by congratulating Regent Jean Keffeler on her re-election—and Regents Warren Larson, Jessica Phillips, and Patricia Spence on their election—to the Board of Regents. Service on this Board is a great service to the people of Minnesota—and therefore, I believe, an immensely rewarding experience.

**• Inauguration of President Marvalene Hughes •**

On April 26 and 27, Pat and I, joined by Provost Gene Allen and his wife, Connie, had the rewarding experience of attending the inauguration of Marvalene Hughes, our former Vice President for Student Development, as President of California State University—Stanislaus, in Turlock, California. It was my honor to speak at the ceremony, and I extended to Marvalene and David the very best wishes of their many Minnesota friends.

**• Appointment of Sandra Featherman •**

Dr. Sandra Featherman, Vice Chancellor for Academic Affairs at UMD since July, 1991, will be leaving us this summer to become President of New England University in Biddeford, Maine. In Dr. Featherman's four years at UMD, she demonstrated strong academic leadership and absolutely unflagging commitment to diversity and to the highest standards of academic quality. Because of her record of high standards, leadership, and accomplishments, she has been asked to take on new challenges. She does so with the full and deserved confidence that she made a difference—a recognized and appreciated difference—at the University of Minnesota, Duluth.

**• Morris Visit •**

On Tuesday, May 9, Regents Jessica Phillips and Patricia Spence, CLA Associate Dean Peter Reed, Jack Imholte, Mario Bognanno, and I were treated to a rather full schedule of events on the Morris Campus:

- lunch with student leaders
- a meeting with the chancellor, the vice chancellors, and the division chairs
- a meeting with the Chancellor Review Committee
- a meeting with the All-Campus Consultative Committee
- an open meeting with the UMM community
- a reception at Chancellor Johnson's home with President's Club members and newly promoted tenured faculty

- another reception for the retirement dinner, and
- the Faculty/Staff Recognition Dinner.

I think that qualifies as a "Type A" schedule, but these were valuable discussions and gratifying celebrations.

I just heard yesterday that a reporter from *U. S. News and World Report* is visiting the Morris campus for three days this week, working on a feature story about affordable alternatives to private liberal arts colleges. We don't know when that story will run, but it stems from Chancellor Johnson's invitation to *U. S. News* editor Mel Elfin two years ago.

**• UMM Provost Emeritus Rodney A. Briggs •**

This week's sad news from Morris is the death, Wednesday, of Rodney A. Briggs, founding Dean and Provost of the University of Minnesota, Morris. Prior to 1960, he had been Superintendent of the West Central School and the Experiment Station in Morris. He served as Dean and Provost of the Morris campus until 1968, when he took a post with the Ford and Rockefeller Foundations as Deputy Director of the International Institute of Tropical Agriculture in Nigeria. He served as Acting Secretary to the Board of Regents from September, 1971, to June, 1972, and then served as Executive Assistant to President Malcolm Moos until he was named President of Eastern Oregon State College in 1973.

**• President's Special Report to the Regents of the University of Minnesota •**

As the legislative session and our own budgeting process near their final stages, budget issues will dominate the next few weeks' discussions. It is critical that our discussions proceed in the context of a long-term action plan that supports the *University 2000* vision: a leading global, research, and land-grant university for the 21st century. That context—its history and the future it seeks to define through an action agenda—is the principal message of the "President's Special Report to the Regents of the University of Minnesota, May 1995," which I sent to you last week, and which is appended to this month's written report.

Next year is the fifth and final year of the Restructuring and Reallocation Plan of 1991. I believe we can take pride in the fact that we have stayed on course and on schedule. The challenges that we sought to meet have been confirmed by experience over the last five years. Good planning has given us a better understanding of those continuing challenges, and we can take pride in the progress we've made toward solutions and quality improvements.

To meet the challenges of the next five years, we have concentrated considerable attention on reorganizing University administration, establishing the three provostal structures for the Twin Cities campus, and implementing the *University 2000 Planning, Budgeting, and Evaluation*

process across the University. That process has brought needed cohesion to academic, capital, and financial planning, and it has matured to the point where it serves as the basis for system changes and major strategic decisions for the next five years.

The system changes and their timetables include:

- completing the Twin Cities provostal reorganization this spring;
- adopting an appropriate form of responsibility center management by fall, 1996;
- changing over to new computer systems—personnel, registration, student, and student financial aid—by fall, 1999;
- revising personnel policies and practices by fall, 1997;
- evolving Continuing Education and Extension into University College and implementing a marketing and distribution system for "distance-free" educational programs by fall, 1996;
- reducing our facilities inventory by fall, 1997;
- changing to a semester system by fall, 1999;
- reviewing and reorganizing campuses and provostal areas, including college and department reorganization and the merger or elimination of selected graduate programs and undergraduate majors within the next three years; and
- continuing the review and reallocation of funds from lower to higher priorities in the context of reorganization and re-engineering of systems.

The most important strategic decisions will be the strategic investments that we are able to make. For the next two years, these will be targeted for

- continued improvements in undergraduate education,
- diversity efforts,
- investments in technology, and
- research, education, and outreach in the following areas:
  - children, youth, and family;
  - biomedical engineering;
  - gene therapy/human genetics;
  - cancer research;
  - chemistry, chemical engineering and materials science, mechanical engineering, and computer science;
  - economics, psychology, and political science;
  - natural resources and the environment;
  - language learning, literature and cultural studies; and
  - competencies related to East Asia, including economics, political science, cultures, and languages.

The size and timing of these investments cannot be known until we complete the budget process, but these have emerged as the first round of priorities that reflect the strategic, positive directions of *University 2000*.

### • Budget Challenges for 1995-96 and 1996-97 •

Formally and informally, "Biennial Request Partnership Proposal" is both the name and the concept of our biennial budget request. From the outset, that partnership included difficult choices that we committed ourselves to make in developing the annual University budgets for the next two years:

- a tuition revenue increase of \$26.3 million, 4.8% per year;
- other revenue increases of \$1.5 million; and
- reallocation of \$28.2 million.

These were based on receiving \$87.7 million in new state support, but it's clear that we will receive less. Whatever the final amount, that shortfall is further complicated by \$31.4 million of additional financial pressures (a tuition shortfall, additional fringe benefit costs, and new budget issues) that were not known when the original Partnership Proposal was made.

Adding up the new budget challenges, we are faced with budget problems that total, for the coming biennium, \$58.3 million more than our commitments under the original Partnership Proposal. That's a \$29 million problem if we could solve it all in next year's budget, so we are trying to solve as much it as we can next year.

Our choices for budget solutions are clearly limited:

- Finding savings and phasing opportunities in the investments to be made under the original Partnership Proposal;
- Finding reductions in central administration budgets;
- Modifying the tuition revenue assumptions built into the original Partnership Proposal;
- Making additional academic/administrative reductions/reallocations; or
- Adjusting the compensation pool funding in the original Partnership Proposal.

None of this will be easy. Most will be controversial. But, solutions that are under our own control must be found if we are to make the most of the limited support that government can provide and maintain our ability to solve our own problems and chart our own future.

### • Federal Budget •

Efforts to reduce and eventually eliminate the federal budget deficit by the year 2002 "translate" into \$1.2-1.4 trillion in federal budget cuts. As a student of languages, I must say that "translate" may not be a good word. Usually, it means putting the incomprehensible into a more understandable form. For most of us, "trillion" is almost beyond understanding. A trillion dollars would fund the University of Minnesota for something like 700 years.

Despite the well documented and very dramatic returns on national investment in American higher education, universities, colleges, and students and their families are at enormous risk in the budget cutting proposals of the 104th Congress. University research and training, student financial aid, and Medicare support for medical education are primarily classified as discretionary items in the federal budget. No trouble translating there; "discretionary" items can be cut. Every political commitment to protect defense spending, Medicare, Social Security, and other entitlement programs translates—simply and inexorably—into more pressure to cut the discretionary programs—including higher education.

Beyond the translation of the sheer size of the required cuts, it's a major challenge to translate the impacts, but it is, indeed, the impacts of the cuts of thousands of dollars that must be explained to Congress before they make the decisions at the more abstract levels of millions or billions.

As Chair, this year, of the National Association of State Universities and Land-Grant Colleges, I have additional opportunities to provide those explanations—and to urge others to get involved. One of the latter was last Monday, when I spoke as a panel member at a meeting of the Association of Scientific Society Presidents. Also on that panel was M.I.T. President Charles Vest, who provided a particularly dramatic example of return on federal investment in America's \$500 billion information technology industry. Federal research investments were critical in growing this industry, but they totaled something like \$5 billion, perhaps 1/3 of that invested in research university work. Either way you look at it—1000% or 3000%—that's a "pretty good" return on investment.

During my visits to Washington, I take every opportunity I can to meet personally with members of the Minnesota Congressional Delegation. With Tom Etten, our Director of Federal Relations, and others, I have discussed the impact of budget cuts with both of our U. S. Senators and, so far, five of our eight U. S. Congressmen. Part of my message is our fine record of economic impact of University of Minnesota research.

### **Economic Impact of the University of Minnesota**

In a recent study, the Minnesota High Technology Council (MHTC) reported that the annual economic impact of research at the University of Minnesota exceeds one billion dollars. MHTC concluded that about 17,000 high-paying jobs are supported by the University's research activities. Federal agencies provided 75 percent of the University's research funding in fiscal year 1994: \$201 million of the total \$268 million.

Federal support for research facilities and projects enables the University to attract research funding from other entities: \$26 million from business and industry, \$20 million from state agencies, and \$21 million from associations and foundations.

What is the government buying with its research dollars? Here are some examples from the University of Minnesota:

- Federal, state and University support led to the taconite ore processing, which in the 1950s replaced mining of high-grade ore as our only domestic supplier to the steel industry. Taconite mining and processing is a \$2 billion annual industry that has paid more than \$2 billion in tax revenue.
- Funding for agricultural and horticultural research has led to more than 125 improved crop varieties which make up 80 percent of Minnesota's \$2 billion annual crop exports, and to many cold-hardy vegetables and fruits, including the 19 apple varieties that make up 60 percent of the state's \$8 million apple industry and are now catching on in Washington state's nation-leading industry.
- Projects funded by the National Cancer Institute resulted in a potential AIDS drug that was patented on behalf of the University and federal government and licensed to Burroughs Wellcome Company, which is now testing it in phase two trials for adult and pediatric AIDS patients.
- Transportation projects funded by federal and state agencies resulted in the AUTOSCOPE Vehicle Detection System, a video digitization product that was developed and marketed by a start-up company in St. Paul, Image Sensing Systems (ISS). The product is improving traffic management on freeways and at intersections in many states and countries, and is becoming an integral part of the federal program of Intelligent Vehicle and Highway Systems. ISS has formed R&D, manufacturing and marketing partnerships with Econolite Systems Corp. and Hughes Missile Systems Company, and it is making plans to become a publicly owned company.
- More than 40 large corporations, including Kodak, IBM, Cargill and 3M, are members of and help support the Center for Interfacial Engineering, which is also cofunded by the National Science Foundation and the University. Basic research discoveries about microscopic properties of interacting solids, gases and liquids are applied by member companies through scientific exchanges, student internships, and licensing of new technologies for product development.
- Many of the 300 member-companies of the Minnesota Medical Alley Association depend on research and testing services of the Biomedical Engineering Center, which will soon be housed in a new \$60 million building funded by industry, state, and University funds, and \$10 million from the Department of Defense. Two primary avenues of research are (1) to discover biological properties that will make it possible to produce truly biocompatible materials to replace

silicon and other materials now used in implantable devices, and (2) to unravel the intricacies of cell communication and adhesion, which will enable development of new therapies for cancer, heart disease, autoimmune diseases, wound healing, and organ replacement.

- Medtronic and St. Jude Medical, two companies that resulted from the University's pioneering heart surgery program in the 1950s and 1960s, are leading a campaign to provide operating funds for the Biomedical Engineering Center, and to add to the many teaching and research connections between it and the Medical Alley companies built on the foundation laid by the University, Medtronic, and St. Jude.
- Other Minnesota companies based on University research technologies include Rosemount, Thermo Systems (now TSI), Research Inc. (which spun off MTS Systems and Fluidyne), Waters Instruments, DataMyte, and Molecular Genetics (now MGI Pharma). Alumni of the University's Institute of Technology and Carlson School of Marketing have started over 2,000 corporations that employ 370,000 worldwide and at least 100,000 in Minnesota, with total annual sales of over \$43 billion, including \$17 billion generated in Minnesota's economy. The ideas for these companies came from graduates who worked with some of the finest faculty researchers in their fields, who continue to rely heavily on federal funding to support learning and discovery laboratories that produce creative new graduates (10,000 annually, including about 700 Ph.D.s), new companies (over 2,000 and counting), and new technologies.
- Minnesota is among the top ten patenting universities, with 279 U.S. patents earned in the past nine years. At the end of 1994, these patents had led to 199 inventions licensed to 237 companies, 58 of them in Minnesota. Total sales of license-related products over the past decade are estimated at about \$250 million, although the University's technology transfer program barely breaks even because of the low royalties (5% avg.) and the high cost of international patenting. This patenting activity has attracted about \$25 million in industry-sponsored research support, which is critical for the development of basic research discoveries supported by federal agencies.
- Research at the University of Minnesota is a bargain for the federal government. The indirect cost rate of 45% is average among public universities (the overhead rate in federal laboratories and industry is 100%), and the total costs of doing research in universities and industry are similar, except that industry spends slightly more on facilities. At research universities, the government gets the added benefit of training students who become our future scientists, engineers, health professionals, teachers, and business leaders.



We also take every opportunity to show the Minnesota impacts of the major budget cuts being proposed.

### **Student Financial Aid**

Last year, the College Board reports, \$34.6 billion in federal, state and institutional financial aid was awarded - 5 percent more than the year before. The federal government was by far the largest source of that funding, accounting for 74% of all aid, primarily in the form of Stafford Loans and Pell Grants. **At the U. of M. Twin Cities campus, total federal student assistance for 1993-94 amounts to \$98,842,855. (Stafford Loan and Pell Grants account for approximately \$72,000,000 of this amount.)**

Since the Higher Education Act passed in 1965, the federal government has paid the interest on student loans while students were still in college. Congress presently is considering the elimination of the exemption. The proposed change will impose a heavy repayment increase on students, estimated at 20 percent for undergraduates and 30 to 40 percent for graduate students. An undergraduate who takes out a Stafford Loan each year will accumulate an additional \$3,042 in interest by the time the loan goes into repayment if the in-school interest benefit is eliminated.

### **Indirect Medical Education (Medicare)**

The Medicare program makes two separate payments to teaching hospitals that carry a "medical education" label. Since 1983, Congress has recognized that the additional missions of teaching hospitals increase their costs and has supplemented Medicare inpatient payments with the indirect medical education adjustment (IME). Teaching hospitals incur higher costs than non-teaching hospitals because of treating more severely ill patients (who are more likely to be cared for in teaching hospitals) and providing stand-by and specialized services and treatment programs. **At the University of Minnesota Hospital last year, approximately \$14,000,000 in Medicare (IME) payments were received to carry this burden of increased costs relating to education and training, research, and treatment of more severely ill patients.**

As Congress contemplates reductions in the Medicare program, Members must take care not to eliminate what is vital to the system and what is working well. Proposals to reduce the IME adjustment would have a severe negative impact on the financial viability of the University of Minnesota Hospital and Clinic.

### **Appended:**

***President's Special Report to the Regents of the University of Minnesota***

# **PRESIDENT'S SPECIAL REPORT TO THE REGENTS OF THE UNIVERSITY OF MINNESOTA MAY, 1995**

## ***UNIVERSITY 2000:* THE NEXT FIVE YEARS, 1995-2000 AN ACTION AGENDA**

### **I. Introduction and Background**

This report is intended to provide a context and a longer-term action agenda as background for our forthcoming discussions and decision making concerning the budgets for 1995-96 and, preliminarily, 1996-97.

We need to take stock of our major efforts of the past six years, and set a new aggressive action agenda that will take us to the year 2000, the target year for our *University 2000* strategic plan.

This is a critical time in planning for the future of the University:

- We are entering the fifth and last year of the ambitious *Restructuring and Reallocation Plan* adopted in 1991, a plan that included the closing of the Waseca campus, dozens of other programmatic changes, and the reinvestment of \$58 million in state dollars.
- Our management reform agenda, based on the Governor's Blue Ribbon Commission's report of 1988, has led to the restructuring of facilities management, financial management and auditing, and personnel management.
- The management reform of the Medical School's practice plans and the Hospital and Clinic has resulted in the establishment of the University of Minnesota Health System.

- The new organization of the Twin Cities campus into the three provostal areas of Arts, Sciences, and Engineering, Professional Studies, and the Academic Health Center is proceeding with all those positions filled.
- Our *University 2000* strategic planning process has matured to the point where it can serve as the basis for another round of major strategic decisions.
- The *Partnership Proposal*, our biennial request to the state for 1995-97, has laid out a financial scenario for that biennium, and we expect final decisions by the state by late May – at which time we will present to you our final budget proposals for 1995-96.
- There are clear indications that future state and federal funding will, at best, increase by no more than the rate of inflation, and, very likely – at least at the federal level – will be further reduced.
- Generally, the national and local circumstances that made us adopt an aggressive agenda for change six years ago have since deepened and intensified.

We can proceed with this action agenda from a position of pride in a strong University and an enviable history of achievements. We can proceed with the knowledge that past and current plans are true to the University's cherished traditions of free expression and its commitment to creativity and invention. We can proceed with the advantage of considerable momentum from past and current planning, which has given us a better sense of the fundamental challenges facing higher education and the University of Minnesota:

- Growing student demand for quality education for work, leadership, and personal development;
- Growing needs for research and outreach in the rapidly emerging international "knowledge society";
- New societal demands for cost-effectiveness and accountability;
- Needs for major University investments in
  - highly qualified faculty and staff, representing the diversity of our society and being adequately compensated
  - technology and information systems, and
  - facilities and their maintenance.

## II. Basic Assumptions and Approaches for Planning and Budgeting

We envision that the University of Minnesota in the year 2000 and beyond will be a leading global, research, and land-grant university. That is *University 2000*, and that must drive our decisions, not short-term cash-flow problems.

- We cannot continue to cut our way out of trouble.

From 1991 through 1996 University budgets will have been through \$136.4 million in mandated state budget cuts and internal reallocations. That's the equivalent of almost 30 percent of the University's annual state dollars being cut or reinvested since 1991.

- We must focus, increase effectiveness and efficiency, and, above all, increase non-state revenues.

We already leverage \$462 million in state dollars every year into \$1.3 billion in other funds. We must continue and accelerate the re-engineering that has been going on since 1991 (the *Restructuring and Reallocation Plan*) and before. We must now define the next round of major changes, even more ambitious and far-reaching than those undertaken in 1991. We must become even more effective in leveraging the state's investment into other resources.

- We must phase in needed changes, i.e., solve our cash-flow problem while we create new, viable modes of operation and financing.
- We must find ways to reward the faculty and staff in a competitive fashion, and engage them fully in the agenda for change.

## III. Overall "System" Changes

The "system" changes are all intended to strengthen our ability to further improve academic quality and cost-effectiveness through constructive change.

- We must complete the reorganization of the Twin Cities campus into three provostal areas.

This is a fundamental change of the structure and operation of the University of Minnesota. It divides the University into six areas of executive authority and accountability, the three coordinate campuses and the three provostal areas, and establishes the President and the Vice Presidents as a system administration. The transfer of functions and staff to the provostal areas is progressing.

- We must adopt a new form of decentralized responsibility center management of both expenditures and revenues within the framework of institutional strategic objectives.

We must invest our state dollars in key research, educational, and outreach activities, while unleashing the creative capacity of academic units to improve quality, become more cost-effective in carrying out their agreed-upon missions, and generate new revenues for program improvement, compensation, technology, and so forth. A task force has been established for the purpose of exploring models and recommending one suitable for our situation in consultation with deans and representatives of the governance system.

- We must invest in new information technology to alter management style, improve service, and reduce the cost of administrative overhead.

One of our fundamental challenges is how to make major investments in this area while cutting budgets! The information technology is essential to successful implementation of responsibility center management.

- We must streamline personnel policies and practices.

The major reorganization of the personnel operation that we carried out in 1992, merging the academic, civil service, and bargaining unit functions, and the revisions of the conflict resolution systems of the last several years, are now being continued both through direct action by the Human Resources Department on 13 major issues and through a community-based task force chaired by Mr. Chuck Denny.

- We must embrace “distance-free education,” and new delivery modes for teaching and outreach.

University College is being developed into a new marketing and delivery system, building on the fine record of Continuing Education and Extension. This new effort must be accelerated in the context of helping academic units generate new revenues, as well as providing educational access and delivering education in economical and effective ways.

- We must reduce our facilities inventory.

The recently completed Twin Cities classroom study is one important step. The master planning project, now entering its third year, must be used to re-create campuses that are functional, attractive, and cost-effective, and that help create a sense of community.

- We must change to a semester system.

The cost will generate future savings and align us with national and state trends. Preparation for this change will begin this summer and is expected to be completed by the Fall of 1999.

#### **IV. Programmatic and Organizational Changes**

This will not be a comprehensive list, but I do want to mention changes of special concern to be instituted on the campuses, in the provostal areas of the Twin Cities campus, and centrally.

I have issued a set of instructions to each chancellor, provost, and the senior vice presidents, to pursue key issues and questions and to report back to me on their review and proposed implementation, as the case may be.

##### **Crookston**

- Crookston has dealt with its own crisis in a highly creative manner and has set an ambitious agenda for itself.
- UMC should continue to pursue the five-year restructuring plan as adopted by the Board of Regents in 1992.
- It must address future demand, especially the recruitment of new high school graduates.
- It should evaluate outcomes in 1997, as planned, including both the viability of the concept of polytechnic programs and the achievement of specific critical measures.

##### **Duluth**

- UMD has developed its own, highly productive profile as the state's "second research university" with research and graduate programs in focused areas.
- How can we ensure continued development of the excellent residential undergraduate environment and the academic programs that support that environment?
- How can we ensure viability of "technical and scientific" programs in water resources, minerals, natural resources, and information and computer sciences? What is the relationship of these priorities to investments in other "technical and scientific" areas? What are possible tradeoffs?
- How can we maintain and enhance "economic development" aspects of the School of Business and Economics and the Natural Resources Research Institute? What are possible tradeoffs?

- What efficiencies in the form of closer programmatic cooperation, including college and department mergers, can be realized?

### **Morris**

- Our special, “public ivy,” liberal arts college is a great source of pride, but it faces serious financial problems.
- How can we address facilities and infrastructure needs totaling over \$60 million? How will such an investment be possible, especially in light of the state requirement that one-third of the debt service be covered by the University of Minnesota, when we have limited bonding capacity?
- Faculty compensation is 8 percent below the desirable level. How can this problem be addressed?
- Can enrollment be increased? If so, how much, with what investments, and with what educational and other consequences? What is the potential student clientele?
- Can tuition be raised (again) beyond the levels at UMD and on the Twin Cities campus for comparable undergraduates? What would be the educational and social consequences of such special increases? Would we be betraying our public policy objectives if we institute such tuition policies?
- Can a projected relatively high “subsidy” be maintained for Morris in light of our overall educational responsibilities to the state?

### **Rochester Center**

- Rochester represents a major educational responsibility, which at this time the University of Minnesota shares with Winona State and Rochester Community College.
- How can we sustain and possibly expand present post-baccalaureate programs? What are the funding options, especially non-state funding of programs?
- What role, in collaboration with Winona State University, should each institution play at the upper division level (management, sciences, allied health programs, and so forth)?
- What “partnership” programs at the upper division level in technical and applied areas should be instituted in cooperation with Rochester Community College?

- Should serious consideration be given to a future UMR, University of Minnesota, Rochester? If so, what planning should be undertaken at this time? How do we deal with the politics of that issue?

### **Twin Cities – Academic Health Center**

- The Academic Health Center is one of the premier such centers in the nation. It is a major factor in the status of the University of Minnesota as a leading research university, and a major – yes, an indispensable – factor in the quality of health care in the state and in the state's economic development.
- We face major problems of financing in the new, highly competitive – even exclusionary – managed health care environment. No issue is more important to the future of the University of Minnesota at this time, or more immediate in its potential negative impact. Top priority must be given, under any University scenario, to ensuring the future viability of the Academic Health Center and its major constituent parts.
- An aggressive agenda for change has been, and is being, pursued, including the consolidation of medical practice plans and the Hospital and Clinic into our new University of Minnesota Health System. What further steps need to be taken?
- How can the patient base needed for education and research in health care be maintained?
- How can we reach agreement with the state and the private sector on the vital role, access to patients, and future financial viability of the Academic Health Center? Those discussions are under way and must be accelerated, involving the Governor, legislators, and representatives of the private sector.
- What are appropriate enrollment and tuition levels in each college, department, and program? How can additional tuition revenues be generated?
- What are the implications of threatened major cuts in federal funding for medical research and education? What can be done to offset such potential losses?
- How can we achieve even greater cooperation inside and outside the University in search of even greater cost efficiencies and revenue sources, including the Basic as well as the Clinical Sciences? What strategic alliances are possible?



- The Duluth Medical School is underfunded at this time. How can it be sustained and further developed? Since the Duluth Medical School reports to William Brody, Provost of the Academic Health Center, this assignment is given to him, with appropriate consultation with the UMD Chancellor.

### **Twin Cities – Professional Studies**

- The University of Minnesota has great strength in a broad spectrum of professional schools, schools that provide much of the state's need for professional competence.
- Each professional school faces its specific issues that must be addressed in terms of its particular market situation and research, education, and outreach mission.
- How can we continue to ensure cooperation among schools, and with the other provostal areas in research, teaching, and outreach?
- What reorganization should be considered in the case of colleges and departments with closely interrelated missions, including such areas as human development, planning, and the biological sciences?
- What is the tuition elasticity in each case? What is the potential of further cost containment, including enrollment increases?

### **Twin Cities – Arts, Sciences, and Engineering**

- The arts and sciences represent the disciplines that form the vital intellectual core of any university. Without a strong and healthy core with research, scholarship, and artistic activity of the highest caliber supporting our educational programs, we would falter as a university.
- How can we maintain and enhance very strong units in the social sciences and science/engineering?
- How can we maintain and enhance the arts and humanities? Should we adopt the reorganization, especially of languages, linguistics, and literary/cultural studies, advanced by the College of Liberal Arts? (Creating an Institute of Modern Languages and Linguistics and a Center for the Advanced Study of Literatures and Cultures.)
- How can we continue to address the concerns raised under the *Undergraduate Initiative*?
- How can we strengthen the critical areas of the biological sciences, spanning all three provostal areas? (I'm speaking of the role of the entire biological sciences area, from Agriculture and Natural Resources and the College of Biological Sciences, to the Basic and Clinical Sci-

ences in the Academic Health Center, programs essential to our academic enterprise and the state's economic future.) How should the biological sciences be organized to ensure the greatest vitality and effectiveness – and national visibility – in research, education, and outreach?

- What strategy should guide investments in those fields where we are going to maintain or seek national and international leadership?

### **Continuing Education and Extension – University College**

- The evolution of Continuing Education and Extension into University College and the greater integration of CEE's academic activities with the colleges must be speeded up, making University College into an effective developmental, marketing, and support infrastructure. What steps must be taken to achieve those objectives?

## **V. Summary of Actions Already Taken or To Be Taken Immediately – With Expected Completion Dates**

### **A. System Changes**

- Change over to provostal organization by Spring, 1995.
- Review and establishment of appropriate responsibility center management structures and processes by Fall, 1996.
- Change over to new Registration, Personnel, Students, and Financial Aid management systems by Fall, 1999.
- Review and establishment of revised personnel policies and practices by Fall, 1997.
- Implementation of University College as marketing and distribution system for “distance-free” college and department-based educational programs by Fall, 1996.
- Review and reduction of facilities inventory by Fall, 1997.
- Preparation for semester system by Fall, 1999.

- Review and reorganization of campuses and provostal areas, including college and department reorganization and elimination of graduate<sup>1</sup> and undergraduate majors within the next three years.
- Review and reallocation of funds from lower to higher priorities in the context of reorganization and re-engineering of systems.

## **B. Strategic Investments**

While we continue to wrestle with serious resource shortages, it is essential that we also continue to make selected strategic investments. Our *Undergraduate Initiative* is one such strategic investment over the past five years that has had a definite effect: more and better-prepared applicants, improved graduation rates, new curricula, new instructional methods and technology. Others include the new Cancer Center, the Consortium on Children, Youth, and Family, the Carlson School, diversity, and supercomputing. The budgets for the 1995-97 biennium will include additional strategic investments, totaling about \$10 million for the biennium.

The planning process has brought forward many proposals. The following list includes only those areas that we have targeted for funding in 1995-96 and 1996-97 and is not a total profile of investments by the year 2000.

- Continued improvements in undergraduate education;
- Diversity;
- Technology;

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<sup>1</sup>The following graduate programs have already been slated for elimination (E) or merger (M) with other programs:

- (E) American Legal Institutions (M.A.)
- (E) Anatomy (M.S.)
- (E) Education (M.A.) UMD
- (E) Neurosurgery (M.S./Ph.D.)
- (E) Obstetrics and Gynecology (M.S.)
- (M) Pathobiology (Ph.D.)
- (M) Animal Physiology (M.S./Ph.D.)
- (M) Agricultural Education (M.A.)
- (M) Business and Marketing Education (M.A.)
- (M) Family Education (M.A.)
- (M) Fluid Mechanics (M.S./Ph.D.)
- (M) History of Medicine and Biological Sciences (M.A./Ph.D.)
- (M) Industrial Education (M.A.)

- Research, education, and outreach in the following areas:
  - Biomedical Engineering
  - Children, Youth, and Family
  - Gene Therapy/Human Genetics
  - Cancer Research
  - Selected Science and Engineering Fields (especially Chemistry, Chemical Engineering and Materials Science, Mechanical Engineering, and Computer Science)
  - Social Sciences (especially Economics, Psychology, and Political Science)
  - Natural Resources and the Environment
  - Language Learning and Literature and Cultural Studies
  - Competencies related to East Asia, including economics, political science, cultures, and languages.

## **VI. Contingencies and Budget Choices for 1995-96 and 1996-97**

Since we are still faced with uncertainties on state funding for the coming biennium, we cannot yet base budget decisions on hard numbers. Starting with the Biennial Request Partnership Proposal and the budget pressures that we have identified since the Partnership Proposal was approved by the Board, we now face a biennial budget problem ranging from \$56 million to \$60.6 million, depending on whether we use the House bill, the Governor's budget, or the Senate bill as the point of comparison. "Splitting the differences" means a \$58.1 million biennial problem—or a \$29 million annual problem if we solve it all next year.

Clearly, the solution will depend, in part, on the final state appropriation, and, in part, on the choices that we make in those areas of budgeting where there are any choices:

- Recurring vs. non-recurring state funds and the timing for their availability;
- Phasing/savings in original Partnership Proposal investments;
- Modification of Partnership Proposal tuition revenue assumptions;
- Central administration reductions;
- Additional academic and administrative reductions/reallocations; and
- Adjustments to Partnership Proposal compensation pool funding.

These are the areas of difficult choices confronting us. Mr. Pfutzenreuter's report at the May meeting will detail the nature and origins of the financing

problem we face, and he will be able to discuss the various scenarios, showing at least the range of financial implications for various choices.

We will not, however, be able to make final recommendations for Board action until we know the final results of the state appropriations process. Those recommendations will presumably be possible to specify by the June meeting of the Board.

NH:kb

2000

**President's Report  
to the  
Regents of the University of Minnesota  
Nils Hasselmo  
June 9, 1995**

Madam Chair, Ladies and Gentlemen of the Board, in this month's report, I will try to highlight

- 1) the most important features of the FY1996 Budget and the Financial Plan for FY 1997, which will be presented to the Board for review at the June meeting; and
- 2) the most important choices we have faced in making recommendations about this budget, and that you will face in making your decisions.

I refer you to last month's "President's Special Report to the Regents of the University of Minnesota – May 1995" for further background information and an overview of our action agendas for the various campuses and provostal areas, as well as the University "system" as a whole.

The FY 1996 Budget and the Financial Plan for FY 1997 described below are the first major components of a comprehensive plan for 1996-2000, a plan that will build on the *1991-96 Restructuring and Reallocation Plan*, the implementation of which is being completed in the FY 1996 budget.

Over the past five years, we have cut a total of \$136 million, 30 percent of our state dollars, out of the University's budgets through major re-engineering of administrative systems, processes, and practices, the elimination and consolidation of academic programs (including the closing of a campus), and productivity improvements. \$50 million of the \$136 million has been lost to state budget cuts and inflation, \$86 million has been re-invested in high priority programs and new administrative information and management systems.

There have been many hardships associated with these changes, especially the elimination of 1,000 faculty and staff positions. At the same time, through the great efforts of a dedicated faculty and staff, we have seen significant accomplishments, among them:

- A 15 percent improvement in the graduation rate for undergraduates;
- An all-time high in sponsored research funding, reaching \$268 million in 1993- 94;
- Private fund-raising results that have consistently exceeded the goals; and
- A number of new and remodeled facilities on our campuses.

The plans for the next five years, reaching the target year for *University 2000*, must be at least as ambitious. In the fall, we will be presenting to you an action plan that goes beyond the 1995-97 biennium, while spelling out in detail the changes being made to fully implement the FY 1996 Budget and Financial Plan for FY 1997.

## 1. IMPORTANT FEATURES OF THE FY 1996 BUDGET AND FINANCIAL PLAN FOR FY 1997

### 1.1 The Nature and Size of the State Appropriation

- Under the *Partnership Proposal*, our 1995-97 biennial proposal, we requested \$87 million from the state as its share of an investment scenario of \$144 million.
- We received \$61 million in state dollars for the biennium, that is, \$26 million less than requested. If we are to stay with our *Partnership Proposal's* investment scenario – which I propose we do – we must make up \$26 million during the biennium.
- Of the \$61 million received from the state, \$53 million are non-recurring funds. If we are to make some recurring investments under our *Partnership Proposal* – which I propose we do – we must secure recurring dollars through
  - a) tuition increases
  - b) reallocation of existing recurring funds; or
  - c) a combination of both.

I propose a combination of tuition increases and further reallocation.

Note: Since we received only \$6.9 million in recurring funds from the state, over and above the capped budget for 1995-97 established by the 1994 Legislature (at \$16 million below our 1993-95 base), we have actually lost \$9.1 million of the biennial (1993-95) state-funded base. During 1995-97, we can make up this loss of recurring funding by using non-recurring bridging funds, but in preparation for the 1997-99 biennium we must make permanent adjustments to the new base.

### 1.2 Staying with the *Partnership Proposal's* Investment Scenario

- As I have already indicated, I recommend that we stay with the *Partnership Proposal's* basic investment scenario – with some modification, primarily in timing and in the proportion of recurring vs. non-recurring – in spite of the fact that the nature and size of the state appropriation are not as requested.

- In fact, the total 1995-97 investments that I recommend are larger than in the *Partnership Proposal*, a total of \$151 million for the biennium vs. \$144 million in the original proposal. The reasons are given in the budget proposal. They include higher-than-expected fringe benefit costs, and some other additional expenditures, and lower-than-expected tuition revenues for the current year, but these are partially offset by lower-than-anticipated debt service. We are not proposing additional programmatic investments as compared with the *Partnership Proposal*.

- I propose investing \$43 million in *University 2000* initiatives under the Budget for 1995-96 and Financial Plan for 1996-97. These investments are in all six of the strategic directions set for *University 2000*:

- Leadership in Research
- High Quality Graduate and Professional Education
- High Quality Undergraduate Education
- Strong Outreach and Access
- A User-Friendly University
- Diversity

- A pool of funds for compensation and/or additional programmatic needs, totaling \$61 million, is also recommended. This pool of funds was contained in the original *Partnership Proposal*. It will be available to vice presidents, provosts, and chancellors to deal with compensation pressures and programmatic needs varying from campus to campus, provostal area to provostal area, college to college, and among faculty and staff classifications. It must be emphasized that a significant proportion of these funds are non-recurring dollars.

- \$25 million is set aside for utilities inflation, improved maintenance, new buildings operation, and capital debt.

- \$6 million is added to the investment scenario to cover additional financial pressures, identified since the *Partnership Proposal* was prepared.

### **1.3 To Compensate for the Lower State Appropriation**

- The original *Partnership Proposal* identified \$28 million in reallocations of existing resources as the University's share of the partnership. In order to help meet the investment needs in the face of the lower state appropriation, I'm recommending an additional reallocation for the biennium of \$30 million, \$11 million in 1995-96 and \$19 million in 1996-97. Please note that the second-year \$19 million is only \$8 million in additional cuts, since \$11 million carries over from the first-year cut. The originally scheduled reallocation of \$28 million has been carried out and will be reported in some detail. The additional reallocation of \$30 million is being identified by vice presidents, provosts, and



chancellors on the basis of assigned targets. None of the reallocations has been, or will be, made across-the-board. I have asked the vice presidents, provosts, and chancellors for specific proposals on the additional reallocations no later than September 15, 1995.

- I propose an increase in the total tuition revenues for each year of the biennium of 7.5 percent rather than the 4.8 percent included in the *Partnership Proposal*. The proposed rate increases vary significantly from lower to upper division, among campuses, and among programs. Some rates are influenced by the next step in the implementation of the Board's policy concerning a uniform upper division rate for each campus and other policies. We are also proposing changes in the so-called "banding" of tuition, whereby students can take credits free above a certain number of credits. We recommend that "banding" be used only for credits above 15, that is, above a full-time credit load. We are also proposing a fixed registration charge of \$30 as part of tuition to cover the fixed cost of registration incurred by all students, regardless of number of credits. The total estimated additional tuition income for the biennium is \$15 million above the *Partnership Proposal*, a total increase of \$41 million vs. \$26 million in the original proposal.

## 2) THE MOST IMPORTANT CHOICES

The outline above has presented a number of interrelated choices. Let me summarize the most important ones:

**Choice #1:** Do we make the planned investments in *University 2000* or not – or only in some reduced fashion?

**My recommendation:** We should make those investments with only a few limited adjustments and delays in implementation.

**Choice #2:** Do we provide at least some recurring investments, in spite of the fact that we received only non-recurring new monies from the state?

**My recommendation:** We should make some recurring investments, including some recurring increases in compensation for 1995-96.

**Choice #3:** Do we raise tuition revenues beyond the originally planned 4.8 percent?

**My recommendation:** We should raise total tuition revenues by 7.5 percent.

**Choice #4:** Do we reallocate beyond the originally planned \$28 million?

**My recommendation:** We should undertake \$30 million in additional reallocations for the biennium.

Please note that a change in one choice will affect the other choices.

The recommended choices are very difficult ones. I do, however, believe that they represent the best balance of choices available to us.

I recommend the FY 1996 Budget and the FY 1997 Financial Plan for your review at this month's meeting and action at the June 23 special meeting.

#### • Regents' Professorship •

With the Board's approval this month, we have bestowed the University of Minnesota's highest faculty distinction, the Regents' Professorship, upon **Joanne Bubolz Eicher, Professor of Design, Housing, and Apparel in the College of Human Ecology.**

Regents' Professor Eicher has drawn on the fields of sociology, anthropology, art history, and textile and apparel design to establish the field of African dress and textile studies as an important field of scholarship. Her work on the sociocultural aspects of dress in the Kalabari and other African cultures has been recognized by scholars and museum directors in the United States, in Asia, and especially in Africa. Several of her co-authored books are regarded as classics in their field.

In addition to her extraordinary scholarly accomplishments, Joanne Eicher has distinguished herself as a teacher and advisor. She has received two awards for undergraduate teaching. She has also served the University as Head of the Department of Textiles and Clothing, as Head of the Department of Design, Housing, and Apparel, and as Director of the Goldstein Gallery. She has also made important contributions through her service on many faculty governance committees.

#### • Horace T. Morse-Minnesota Alumni Association Awards •

The Horace T. Morse-Minnesota Alumni Association Award for Outstanding Contributions to Undergraduate Education recognizes faculty members for excellence in contributing to students' learning through teaching, research and creative activities, advising, academic program development, and educational leadership. Candidates are nominated through their colleges, and a selection committee under the leadership of the Senate Committee on Educational Policy approves nominations.

Awardees receive a \$2,500 gift each year for three consecutive years, and each recipient's department also receives \$2,500 each year for three years. Joining 220 faculty members who have been honored with this award in the past 30 years, the 1995 recipients are:

**Dr. Christopher M. Anson**, Associate Professor, English, College of Liberal Arts, Twin Cities

**Dr. David D. Biesboer**, Associate Professor, Plant Biology, College of Biological Sciences

**Dr. Joan B. Garfield**, Associate Professor, Educational Psychology, General College

**Dr. Emily E. Hoover**, Horticultural Science, College of Agriculture

**Dr. Roger S. Jones**, Associate Professor, Physics, Institute of Technology

**Dr. Helen Rallis**, College of Education and Human Service Professions, Duluth

**Dr. Geoffrey M. Sirc**, Associate Professor, English and Composition, General College

**Dr. Charles E. Speaks**, Professor, Communication Disorders, College of Liberal Arts, Twin Cities

**Dr. Charles J. Sugnet**, Associate Professor, English Literature, College of Liberal Arts, Twin Cities

**Dr. John L. Sullivan**, Associate Professor, Political Science, College of Liberal Arts, Twin Cities

• **John Tate Awards for Excellence in Academic Advising** •

Named in honor of Dr. John Tate, Professor of Physics and first Dean of University College, this award was initiated in 1986-87 to call attention to the contributions advisors make in helping students formulate and achieve intellectual, career, and personal goals. The award is jointly sponsored by University College and the Office of Educational Development Programs. The 1995 recipients are:

**Dr. Paul A. Iaizzo**, Director of Research, Department of Anesthesiology, Medical School

**Dr. Jon A. Pankake**, Assistant to the Coordinator, Pre-Major Advising, Student Academic Support Services, College of Liberal Arts

**Ms. Michelle A. Roppeau**, Senior Counselor, Academic Counseling-Intercollegiate Athletics

**Ms. Judith A. Wanhala**, Associate Director, Honors Program, College of Liberal Arts

• **Academic Staff Awards** •

The Academic Staff Award was established by the Academic Staff Advisory Committee in 1991 to recognize academic professional and administrative staff members who have provided extraordinary service to the University. These academic staff members have made outstanding contributions to the University in the areas of teaching, research, or outreach. The award includes a \$2,000 honorarium, plus \$1,000 provided to the department, to be used in support of professional development activities by the recipient during the coming academic year. The award is sponsored by the Office of the Senior Vice President for Academic Affairs.

1995 recipients are:

**Ms. Sue A. Kroeger**, Director, Disability Services

**Dr. Deborah L. Brown**, Associate Professor, Horticultural Science, and Extension Educator, Minnesota Extension Service

**Mr. Kenneth Rubow**, Senior Research Associate, Particle Technology Laboratory, Mechanical Engineering

**Ms. Julia F. Wallace**, Librarian, Wilson Library

**Mr. Stephen Sandell**, Program Director, Hubert H. Humphrey Institute of Public Affairs

• **Student Representatives to the Board of Regents, 1994-95** •

**Mr. Timothy Allison**

**Mr. Scott Burnes**

**Ms. Colleen Foster**

**Ms. Sara Monroe**

**Ms. Sara Nienow**

**Ms. Valerie Nowacki**

**Mr. Richard Pederson**

**Ms. Jessica Phillips**

**Mr. Shawn Poulter**

It is a genuine honor for University students to be elected as Student Representatives to the Board of Regents, but it is far more than an honor. It is an important educational opportunity, a leadership experience that serves our "Student Reps" throughout their chosen careers.

For the Board, as well as for the University, these students have also served as important voices of our student body. They have been communication channels between the University and many student organizations, and, for us all, they have provided "reality checks," giving Regents and University administrators "real life" insights into students' concerns and the effects of policy and administrative decisions on students. That is genuine service to the University, and we all thank them for their thoughtfulness, their dedication, and their very considerable commitment of time.

### • Retirements •

Madam Chair, Members of the Board, I am introducing to you a group of people who have been at the heart of the University for a number of years, in some instances many years, who have helped further our academic agenda, our agenda in affirmative action and equal opportunity, our agenda in administrative reorganization. They are people we are deeply indebted to—a deep debt of gratitude for what they have contributed.

**Dean Elizabeth Stanton Blake**, Vice Chancellor for Academic Affairs, Dean, and Professor of French, Morris

Bettina Blake has served as Dean, then Dean and Academic Vice Chancellor of the University of Minnesota, Morris, for 16 years, always reflecting the highest standards of excellence in liberal education, always dedicated to students. She has earned great respect throughout the country for her academic leadership at Morris, within the larger University of Minnesota community, and at the national level.

**Bob Erickson**, Senior Vice President for Finance and Operations

Bob Erickson has contributed in fundamental ways to the restructuring of this university over the last four years. He brought experience and insight from the corporate community to the University at a time when it is extraordinarily important that we recognize that we are an academic community with an infrastructure that is also a very complex corporation. Bob leaves a legacy of system restructuring and hiring outstanding people to help us function effectively.

**Dr. Sandra G. Featherman**, Vice Chancellor for Academic Affairs, Duluth

Sandra Featherman brought a dedication to quality and a keen sense of strategic planning to the University of Minnesota, Duluth, driving a process that has helped in many ways to further refine the profile of this outstanding part of the University of Minnesota system and of the higher education scene in Minnesota. Sandra is going on to the presidency of the University of New England.

**Dr. Lawrence Ianni, Chancellor, Duluth**

Chancellor Larry Ianni is returning to his faculty career as Professor of English, and I'm sure that he will bring the same insight, intellectual rigor, energy, and fire to his teaching that he has brought to UMD administration over the last few years. He has provided the leadership to give the University of Minnesota, Duluth a distinctive profile, as he so eloquently described yesterday in his presentation. That has been an enormously important contribution and a fine legacy.

**Dr. John Q. Imholte, Interim Vice President, Student Development**

Jack Imholte has served in several major capacities in this university. As Provost, then Chancellor of the Morris campus, he insisted on maintaining an undiluted liberal arts mission and an unambiguous commitment to high quality liberal arts education. He resisted the temptations of expansion in all kinds of directions, staying with the clearly defined liberal art mission. He's been a major factor in creating one of the great success stories in the history of the University of Minnesota, giving national distinction to the Morris campus as a unique liberal arts college within the framework of a major research university. We are indebted to Jack for stepping into the breach in Student Affairs as interim Vice President during this past year.

**Ms. Patricia Mullen,**

Pat Mullen has served the University enormously well for many years, a person who has helped set the tone for the University's commitment to equal opportunity and affirmative action, and who has been on the front line—a difficult front line—on those issues throughout this institution for many, many years. She has served with enormous dedication. She has served with enormous good judgment in situations that were fraught with difficulty, fraught with emotion, fraught with all the difficulties of change. Pat Mullen has been a stalwart colleague and conscience, truly at the heart of this institution and its values.

**President's Report  
to the  
Regents of the University of Minnesota  
Nils Hasselmo  
July 14, 1995**

Mr. Chair, Ladies and Gentlemen of the Board, our July meetings have featured committee discussions and Committee of the Whole action on the seven, **Phase II, University 2000 Critical Measures and Performance Goals**.

Prior to today's meeting of the Committee of the Whole, individual committees held discussions of the critical measures and performance goals that are particularly germane to their work. Those discussions were scheduled as follows:

Educational Planning and Policy Committee —  
Scholarship, Research, Artistic Accomplishments  
Overall Satisfaction of Minnesota Citizens

Financial Operations Committee —  
Investment and Voluntary Support

Faculty, Staff, and Student Affairs Committee —  
Student Experience  
Post-Graduation Experience  
Faculty and Staff Experience

Facilities Committee —  
Facilities and Infrastructure

Please note that the printed documents on all seven of these Critical Measures and Performance Goals are in this month's Committee of the Whole docket materials, pages 9 - 112.

Board approval of this second of three phases of Critical Measures and Performance Goals marks another essential step in implementing University 2000. The long-term importance of measures such as these has already been illustrated by the Minnesota Legislature's adoption of some Phase One measures as performance incentives built into our state appropriation. It is uncertain whether future legislatures will incorporate Phase II or Phase III measures in appropriations bills, but it is very certain that our commitment to develop and use Critical Measures and Performance Goals is vital to University 2000 implementation.

Because University 2000 is a comprehensive plan, comprised of literally hundreds of decisions and actions that already have been or will be taken under our six, broadly defined strategic directions, we will need to continue to update, refine, and clarify the aspirations, goals, and strategies of U2000.

And, in this regard, I will soon be appointing working groups to assist me in undertaking a review of U2000.

Of course, in the final analysis our ultimate success hinges on the outcomes of the plan, the results that make differences—differences that we can measure—and results that we can use in the continuing, long-term quality improvement process. It is what we do, not what we plan to do, that has the all-important impact on our students, our constituencies, and our state. Critical Measures and Performance Goals will be essential to proving those impacts and developing the broad base of support that the University must have in the future.

### • Administrative Reorganization •

At Friday's meeting of the Committee of the Whole, I will be presenting a status report on administrative reorganization. Since the printed version of my report is already in your docket materials, pages 159 - 171, I will not duplicate it in this letter, but I do want to call your attention once again to what is certainly one of the most dramatic administrative reorganization efforts in the University's history.

We have discussed aspects of this effort in at least eight prior meetings of the Board, and we are now completing the reorganization of central administration, the organization of the three provostal areas of the Twin Cities campus, and the communication of the definitions of administrative roles, responsibilities, and requirements that will clarify the working relationships among system, campus, provostal, collegiate, and departmental administrators.

### • Reengineering Administrative and Management Information Systems •

Over the past six years, we have accomplished many long-needed reforms and improvements in the University's administrative and management information systems, but we are far from finished. All of those systems—financial, human resources, purchasing, student services, sponsored research, and others—must be "on the table" for continuous review and improvement. They are the essential tools of effective management, and with new administrative structures and dramatically changing external environments, we have to make sure we have the best tools available.

There is a need for an integrated institutional reengineering effort that will bring together the many projects that have been undertaken in recent years. I have asked Senior Vice President Infante, working in collaboration with the Executive Council, deans, department chairs, and governance committees, to develop such an integrated approach to central reengineering. I'm very pleased to report that the whole idea of reengineering has captured the attention and creativity of many individuals and groups this year, and that bodes well for our general effort



to improve University management. We expect to report back to you on these efforts within the next few months.

This spring, I appointed a Working Group on Human Resources, chaired by Mr. Chuck Denny, retired Chairman of the Board of ADC Telecommunications. Other members are:

Ms. Sandra Hale, President, Enterprise Management International  
 Mr. Dick Lidstad, Vice President for Human Resources, 3M  
 Dr. John Adams, Professor, Department of Geography  
 Dr. H. Bryan Neel III, Regent, University of Minnesota  
 Ms. Charlene Mason, Member, Academic Staff Advisory Committee  
 Ms. Carol Siegel, Chair, Civil Service Committee.

Mr. Denny, Ms. Hale, and Mr. Lidstad all served on earlier tasks related to compensation policies and principles for administrators and coaches, and I am very grateful that they have agreed to continue to advise us on other human resources issues. The Working Group has been asked to concentrate on four major topic areas, focusing primarily on non-faculty employees (academic administrators, academic professionals, and non-academic staff, both civil service and union represented):

- recruitment and staffing;
- developing administrators and reviewing their performance;
- employment grievances and dispute resolution processes; and
- compensation policy, principles, and structures.

Units reporting to the Senior Vice President for Finance and Operations have already undergone substantial reengineering under the leadership of Bob Erickson. To maintain continuity and momentum during the search for Mr. Erickson's replacement, I have appointed Associate Vice President Roger P. Paschke to serve as Acting Senior Vice President for Finance and Operations

#### • Blue Ribbon Football Panel •

I would like to report very briefly on the efforts of the Blue Ribbon Football Panel, which I appointed in December, 1994, to explore, along with Head Coach Jim Wacker, avenues toward improving the competitive performance of the University's Twin Cities campus football program.

The panel is chaired by Dr. McKinley Boston, now Vice President for Student Development and Athletics. The panel has held seven meetings and has heard public testimony that included discussions with members of the undergraduate student body, the University faculty, and the football team itself. Members of the panel have visited facilities and personnel at three other Division I institutions, the University of Nebraska, Kansas State University, and the University of Tennessee.

The panel has divided its work among four categories of factors that are presumed to be related to the success of football programs: recruiting; facilities and resources; marketing and public support; and academic issues. The panel has been very active in pursuing this agenda and preparing its recommendations, which I have asked them to submit to me this summer. A specific date for their report has not yet been set, but I will keep the Board fully informed of developments on this important project.

#### • Men's Athletic Director Search •

Professor Norman Chervany, chair of the search committee, has forwarded the names of three candidates for the position of director of Twin Cities campus Men's Intercollegiate Athletics. The three candidates will be invited to campus for interviews as soon as possible, after which Vice President McKinley Boston will make his recommendation to me, and then my recommendation for the appointment will be submitted to the Board for action.

The three candidates are **Dr. Mark Dienhart**, senior associate director of the department, **Mr. Charles Harris**, former Arizona State University athletic director, and **Mr. Fred Mims**, University of Iowa associate athletic director.

**Dr. Dienhart** has been with the Twin Cities campus department of Men's Intercollegiate Athletics for five years, four as senior associate director. Before that, he served 15 years at the University of St. Thomas in St. Paul, his positions including executive director of public and alumni affairs and head coach of football and track and field. He has a bachelor's degree from St. Thomas and a master's degree and doctorate from the University of Minnesota. He played for the Buffalo Bills of the NFL league in 1975.

**Mr. Harris** recently completed 11 years as Arizona State University athletic director. Before that, he served six years as director of the division of recreation and intercollegiate athletics at the University of Pennsylvania and six years at the University of Michigan in a variety of positions, including assistant athletic director. He has a bachelor's degree from the Hampton Institute in Virginia.

**Mr. Mims** has been with the University of Iowa since 1977, serving as academic counselor, assistant baseball coach, assistant athletic director, and, since 1989, associate athletic director, athletic compliance officer, and athletic student services director. He has bachelor's and master's degrees from the University of Iowa. He played professional baseball in the Houston Astros organization from 1972 to 1975.

#### • Children, Youth, and Family Consortium •

There has been considerable national and local press coverage of Vice President Al Gore and Tipper Gore's "Family Re-Union IV" conference in

Tennessee earlier this week. While most of the national coverage didn't mention it, this was the second year that the Gores have invited the University of Minnesota Children, Youth, and Family Consortium, directed by Marti Erickson, to serve as co-organizers of their conference. As the Daily headlined it, "Gore asks U to help fight TV violence."

That is news here in Minnesota, good news that University of Minnesota people are held in such high regard that they are asked, again, to play such a prominent national role. As I have reported to the Board before, I have met with the Gores, and it is enormously gratifying to hear how well they know—and how much they respect—our faculty and staff.

**• Annual Report, Office of General Counsel •**

I want to direct the Board's attention to this month's filing of the Annual Report of the Office of the General Counsel. The Report presents in public form a summary of the functions and activities of the General Counsel's Office, reports on the University's use of outside legal counsel, and supplements the non-public reports provided to the Board of Regents on the legal affairs of the University. I'd like to take this opportunity to highlight three significant points discussed in the report:

(1) In the first independent survey ever conducted of the General Counsel Office's University clients to assess their satisfaction with the legal services they receive, 82 percent indicated they were satisfied or very satisfied with the Office's legal services; only 8 percent were dissatisfied. Similarly, of those clients who were involved with litigation, 91 percent were satisfied with the litigation services provided by the Office (while 69 percent were satisfied with the outcome of the litigation itself). This relatively high level of satisfaction was maintained with a legal staff of 13 lawyers handling a steady workload of over 250 pending contested cases throughout the year.

(2) In the litigation area, the University obtained favorable verdicts, summary judgments, or dismissal in 28 cases, and unfavorable decisions in 4 cases. The University's overall record this year before the Minnesota Department of Human Rights and the Federal Equal Employment Opportunity was equally positive: the University received 31 dismissals, and 3 findings of probable cause.

(3) In the coming year the General Counsel's Office intends to focus on better client communication -- particularly regarding timetables for completing projects -- and providing additional preventive lawyering initiatives to prevent legal concerns from becoming litigation fodder.

**Attachments:**

**Report of the Committee to Assess the President's Performance  
President's Statement Regarding Two-Year Contract**

# University of Minnesota Board of Regents

## Report of the Committee to Assess the President's Performance

July 1995

The Presidential Assessment Committee, composed of Chair Tom Reagan and Regents William Hogan, Jean Keffeler and Bryan Neel, decided to utilize an informal process for assessing President Nils Hasselmo's performance for 1994-1995. It involved a thorough discussion with President Hasselmo and deliberation and discussion among Board members. The committee met in non-public session Thursday, June 22; Friday, June 23; and Wednesday, July 12, 1995.

The committee reviewed with President Hasselmo highlights of the most important developments and achievements during 1994-95. They include:

- **Development of U2000.** Five critical measures have now been adopted by the Board of Regents, seven are currently under consideration for Board approval, and an additional six will be submitted to the Board within the next few months. The University was recognized by the Legislature for taking the lead on development of accountability measures. The "partnership proposal" was a useful tool in presenting the University's case for funding to the Governor, the Legislature, and the general public. In addition, the partnership was a stepping stone in moving from the aspirations, goals, and objectives within U2000 to a specific investment scenario for the next biennium.
- **Reorganization.** Reorganization of central administration and the establishment of three provostal areas on the Twin Cities campus have been completed.
- **Re-engineering.** A) A specific proposal concerning *Responsibility Center Management* will be ready by early fall for presentation to various constituency groups. B) The *Human Resources Task Force* has been convened to take a radical and comprehensive look at human resources management and will bring forward recommendations for strategies and projects to improve the University's efforts in this area. C) Exciting prospects for all the campuses are emerging from the *Master Planning and Facilities Utilization* projects.
- **Undergraduate Education and User-Friendliness.** The new undergraduate recruitment program for the Twin Cities has produced a 34 percent increase in freshman applications to CLA and significant increases in applications from minority students. In addition, a successful residential college program was conducted in Centennial Hall and another such program is underway.
- **Diversity.** As reported by Dr. Josie Johnson earlier this year, the University met five-year targets for minority student and faculty recruitment and retention. The University also participated in NASULGC's African-American Graduate Feeder Program, designed to recruit graduate students from the Historically Black Colleges and Universities.
- **Research.** Sponsored research funding continues at an all-time high level. Preliminary reports from ORTTA indicate that we are currently running ahead of our last reported annual figure. The federal funding situation is precarious, however, and our lobbying efforts in Washington must respond accordingly.

- **Fundraising.** The University again exceeded its goal in private fundraising, as of June reaching \$69.3 million against a goal of \$60 million for 1994-95. We are currently preparing for a possible major fundraising campaign for the year 2001, the University's 150th anniversary.
- **Establishment of a Detailed Presidential Work Plan.** The plan shows outcomes, action plans, timetables, point persons, and up-to-date status of various projects.

The committee noted a number of the president's personal strengths as having contributed to the progress outlined above, including: a strong personal commitment to the goals and aspirations of U2000, a strong ability to communicate with the public, high ethical standards and a personal style that evokes honor, support across a variety of constituencies, and a dedicated, hard working approach to the job.

The committee is especially pleased with President Hasselmo's active participation and leadership in major national and regional organizations. As Chairman of the Board of the National Association of State Universities and Land-Grant Colleges (NASULGC), he is part of ongoing discussions regarding, for example, new accreditation models, the future of funding for university research by the federal government, the future of financial aid programs sponsored by the federal government, and other issues. Being recognized by his peers to serve in such leadership posts is a tribute to the president personally and the institution generally.

The committee notes that the following challenges, as presented by President Hasselmo, will be key to the success of the University in the coming year and beyond:

**I. Complete development of the U2000 Strategic Plan -- make it fully operational.**

*The committee urges a reassessment and refinement of the aspirations, goals, objectives, and strategies of U2000. Demonstrated buy-in by the University community and the general public is crucial to the plan's success. Make the goals and objectives fully operational in the University's day-to-day business.*

**II. Assure that institutional goals are responsive to Minnesota's needs and understood by the State's leaders and public.**

*Continue productive dialogue with the Legislature regarding higher education accountability. Consider a new round of stakeholder meetings similar to "University 2000 Conversations" to energize our connection to Minnesota citizens and remain responsive to their needs.*

**III. Progressively manage institutional change.**

*Stimulate and integrate the re-engineering, quality improvement (UMQ) and responsibility center management activities already taking place in the institution. Exercise diligence in rationalizing operational activities with U2000 academic goals.*

**IV. Continue improvement of operating and capital budgeting.**

*Determine and fund the strategic priorities of the University. Investigate the need to reduce the number of units and programs. Provide meaningful opportunities for interested parties to be informed and involved in University budgetary decisions. Determine the extent to which further decentralization of resource management to responsibility centers should be undertaken. Review*

*the University's six-year capital plans once the four campus master plans are approved.*

**V. Improve human resources policies, processes, and practices.**

*As part of re-engineering efforts, review and recommend improvements to our human resources management system that assure a competitive compensation structure, provide adequate flexibility, and recognize the importance of recruitment and retention of top talent.*

The committee, in the interest of true partnership toward the achievement of these ambitious goals, encourages President Hasselmo to join us in: improving the clarity of communication between the Board and the administration; more thoroughly exploring action options on difficult policy choices; keeping an eye on diversity goals across the strategic initiatives; expanding our frame of reference, more frequently, to a national and international realm; and continuing to strive for a determined renewal of the capacity of the University of Minnesota to serve, to teach, and to learn.

**PRESIDENT'S STATEMENT  
TO THE BOARD OF REGENTS  
JULY 14, 1995**

I accept the Regents' offer of a two-year contract.

I am moved by your show of confidence. In my judgment, our joint agenda is perhaps the most challenging the University of Minnesota has taken on in this century.

At the dawn of the 21st century, we, the board, administration, faculty, staff, alumni, university friends, near and far, must shape a University of Minnesota that meets our vision of academic excellence and that fulfills our mandate from the citizens of the State of Minnesota. In other words, we must lay the foundation for an institution of true world class in scholarship, with students and scholars – men and women of all colors and backgrounds – from around the state, nation and world. This is the goal of my administration and the one towards which we will strive.

Before going further, I want to pause to again thank you, the members of this fine Board, not just for what we will do together over the next two years, but for what we have been able to do together over the past six-and-a-half years. I also want to thank the University community of faculty, staff, and students and I want to thank the many, many supporters and friends of this University for their willingness to share with us their wisdom, time and friendship.

Let me now outline what I see as our agenda for the next two years – our joint agenda, the Board's and the Administration's joint agenda, the entire University community's joint agenda.

- I appreciate the opportunity to complete the development of *University 2000* and lay a sound foundation for the future development of this University. Clarifying and communicating the basic aspirations of *University 2000* and the strategies needed to accomplish its objectives will be first on my agenda. We must engage the entire University community in these aspirations. We must ensure that our strategies are clearly formulated and shared with the entire University community.

- I appreciate the opportunity to work with the Provosts and the Chancellors – now all in place and working hard – to identify the major academic programs of the University that are going to be our distinctive profile for the future. We have taken important steps in identifying some of these programs, but over the next two years we must complete this work, to the extent that it can and should ever be completed in a dynamic academic environment. I have a vision of two to three dozen areas of scientific, scholarly, artistic, and professional excellence that should be the hallmark of the University of Minnesota, areas where we will be leaders in research, graduate, professional, and undergraduate education, and outreach. I have a vision of the University of Minnesota as one of the nation's hubs of knowledge, innovation, and creativity. I have a vision of local, regional, national, and international distribution networks, providing a broad spectrum of learning opportunities for all who can benefit from such opportunities, drawing on the knowledge and skills of our academic areas of excellence. I want to spend the next two years working with my colleagues – and with you, the Regents – toward such a future.

- I appreciate the opportunity to complete the reorganization of the University, the decentralization of authority and accountability to Provosts, Chancellors, and Deans that is necessary to ensure effective management of the University's affairs.

- I appreciate the opportunity to consolidate into a comprehensive re-engineering effort the major separate projects to improve our administrative and support functions that have been undertaken over the past six-and-a-half years. These projects range from facilities management to the University's Academic Health Center, from human resources management to information and computing services, from financial management to student services. This is the area – that of our entire administrative and support service system – where the most fundamental changes must be made and where the major future cost savings must be achieved.

- I look forward to making the case for public investment in this and other fine research universities – the envy of the world, the recognized world leaders in research and education, not to speak of our uniquely American tradition in outreach. We must not waste this our most important resource of knowledge, skill, and creativity just as the state, the nation, and the world are crying out for its products more urgently than ever. But, we must – together – make the case for public investment by demonstrating that we deserve the public's trust, and that we can effectively draw on many other sources of funding to multiply the return on the public investment.

- I look forward to working with you and the entire University community to wrench us out of the national negativism of the 1990s, and our own, homemade brand of cynicism and doubt. We have come through some difficult times – not to say grueling times. We have had to deal with the clash between, on the one hand, new expectations of efficiency and accountability and, on the other, outdated structures, processes, and practices – and outdated attitudes. We have had to clean out some closets that hid skeletons, some of which have been decades old. We have made our own new mistakes. We are not yet fully organized to deal with all the new expectations for efficiency and accountability, but we're on our way. We will undoubtedly make our own mistakes again; when we do, we'll admit them and correct them.

The point is that the glass is half full! We've tackled a great array of problems, and we've made progress. We have brought about much constructive change – under very difficult financial circumstances – and these changes are showing up in improved research, teaching, and outreach.

Let's buoy our spirits by celebrating the magnificent achievements of our faculty and staff, of our students, of our alumni. Let's celebrate the dedication and achievements of this Board of Regents! Yes, let's celebrate the efforts – with appropriate modesty – of this administration. Let's not bash each other for our failures; they are usually due to human frailty rather than lack of effort. Let's encourage the people of this fine University community to do even better! There is nothing they – we – desire more!

As you see, our workload for the next two years is heavy, rich in challenges and opportunities. We are committed to preparing the University for the future. However, I have decided that, as of June 30, 1997, my service to the University as president will end, and I have so informed the Chair of the Board. By then, I will be in my ninth year as your President. I believe that over the next two years, I will be able to complete the agenda I first began in 1989. Over the next year or so, I plan to work jointly with Chair Reagan and the Board to fashion a timely succession strategy.

Again, I appreciate this two-year contract. I appreciate your confidence. I appreciate the opportunity.

I shall do my best.



**President's Report  
to the  
Regents of the University of Minnesota  
Nils Hasselmo  
September 8, 1995**

Mr. Chair, Ladies and Gentlemen of the Board, one consequence of not holding a regular meeting in August is having plenty of items to report in September. This year is certainly no exception! I'll try to cover briefly at least some of the events and initiatives of the past two months.

**• U2000 Strategic Planning Working Group •**

The "U2000 Strategic Planning Working Group," chaired by Professor Carl Adams, will complete a working draft on "U2000 Institutional Major Issues/Positions" for a September 18 retreat with central, provostal, and campus administrators. That draft is to include a clear, concise, one-page, revised statement defining U2000, a statement establishing the relationships of U2000 strategic directions and the Institutional Issues/Positions, and the definitions and action-oriented descriptions of each of seven Institutional Issues/Positions:

- Priority Areas - The major programmatic areas for which the University is/will be recognized to be "top notch."
- Financial - Levels of state support, tuition, and other outside revenues necessary to support the University as an outstanding research university with a strong outreach program.
- Productivity - Improving performance and physical facilities efficiencies across the University, in both administrative and faculty units, to reduce recurring costs by 25%.
- Delivery/Marketing - Deliver improved educational/research services to University constituents.
- Recognition/Rewards - Upgrade and modernize the measurement/reward systems for both faculty and administration. Institutionalize incentives and rewards for excellence in the form of compensation. Strengthen tenure by making it more selective and enforcing proper standards for its retention.
- Diversity - Review and confirm the University's general diversity targets, applying them to student, faculty, and staff complements.
- Management Systems - Develop a strong, operating management infrastructure throughout the University system, ranging from an excellent personnel management hierarchy to the evolution of

management tools/equipment such as financial centers, distance learning, communication, and management information systems.

### • Administrative Process Redesign •

In my President's Report in July, I gave an initial description of our efforts to integrate what I called "Reengineering Administrative and Management Information Systems," putting all of our systems "on the table" for continuous review and improvement. On July 14, I appointed the Administrative Process Redesign Group, co-chaired by Senior Vice President Jim Infante and Mr. Chuck Denny, retired CEO of ADC Telecommunications, with staff support by Ms. Marcia Riebe from the Graduate School and Dr. Bob Gee, Senior Fellow in the Center for Interfacial Engineering.

Other members are:

Bob Bruininks, Dean, College of Education and Human Development  
 D. Fennell Evans, Director, Center for Interfacial Engineering  
 David Hamilton, Head, Cell Biology and Neuroanatomy  
 JoAnne Jackson, CFO, Academic Health Center  
 Duane Kullberg, Senior Vice President, Board of Trustees, University of Minnesota Foundation  
 Bob Kvavik, Associate Vice President for Planning  
 Roger Paschke, Acting Senior Vice President, Finance & Operations  
 Richard Pfutzenreuter, Associate Vice President, Budget & Finance  
 Don Riley, Associate Vice President, Academic Affairs

The first efforts by the group have centered on identifying their highest priorities, systems redesign efforts that are already underway and need immediate attention to ensure that on-going efforts are coordinated and integrated into an all-institutional redesign program. These priorities are:

- Grants Management - Efforts underway regarding the roles and responsibilities of the Office of Research and Technology Transfer Administration (ORTTA) and long-term changes necessary for effective oversight and compliance regarding research grants. Timetable for initial steps: 30-60 days.
- Information Technology - Consolidation of academic and administrative information technology areas is underway. Decisions on structure and initial responsibilities due by October 1.
- Human Resources - Review is underway for redesigning major Human Resources processes and systems. Efforts will address roles and responsibilities, policies and procedures, information systems, organizational modifications, and training. Redesign principles and strategies are necessary before a timetable can be established.

- Business Service Delivery (Procurement) - Efforts to improve delivery of business services have focused on the areas of purchasing and procurement:
  - increasing the number of transactions and vendors on the on-line purchasing system to reduce transaction costs;
  - consideration of increasing the number of approved travel agencies to reduce the paper processing of travel documents;
  - use of a University-wide procurement card to reduce processing of paper invoices
- Other Areas for Prioritization - Process redesign principles and strategies are being developed for further improvements in financial management systems, student systems, and facilities utilization.

The second area of initial work is the development of ground rules for redesign efforts, including specific roles and responsibilities, redesign principles, and strategies. The development of a communication plan is underway and should be implemented in the next few weeks.

#### • Academic Health Center Reengineering •

At the May 1995 meeting of the Board, Provost William Brody presented an overview of his assessment of the Academic Health Center. This Friday's meeting of the Committee of the Whole was devoted to a continuation of that discussion, Provost Brody's presentation on "The Future of the Academic Health Center," particularly the comprehensive reengineering efforts that are well underway with what I believe to be highly encouraging momentum.

In my mind there is no more important issue facing the University right now than the health of the Academic Health Center, not only as a major part of the University of Minnesota, but as an engine that has ensured the quality of health care in the state of Minnesota for a century or more. Our Academic Health Center is essential to the future of health care in the state of Minnesota—for the citizens of Minnesota, not for the University of Minnesota alone. For the citizens of Minnesota, it is critical that the Academic Health Center can continue to play that leadership role in research, education, and patient care.

Provost Brody has taken strong leadership, building on many efforts by others, to make sure that the Academic Health Center continues its leadership role in the face of unprecedented competition and resource constraints. His presentation to the Board of Regents this morning was a thoughtful and encouraging report on the AHC "reengineering" initiative, which is concentrating on three immediate tasks:

- Mission statement — "The mission of the Academic Health Center is to be a leader in the ethical, innovative, and efficient discovery and dissemination of knowledge to enhance the health and well-being of Minnesota, the nation, and the world."
- Making the case for change, gathering and analyzing data—economics, customer perspectives, competitive environment, and other stakeholder perspectives—to ensure that the case for change is based on fact rather than anecdote or conjecture; and
- Developing a strategic vision and an action plan that assumes that no element or facet of the Academic Health Center is beyond change.

Beyond the leadership of Provost Brody and his associates in administration of the AHC, we are fortunate to have strong support from faculty, staff, the University of Minnesota Health System Board of Governors, and the Board of Regents. I'm very heartened to see that the community, from the Governor and the legislature on, is developing a strong sense of urgency and understanding of what the issues are. In that supportive environment, I believe that we can, over the next few months, develop a strategy to ensure that the Academic Health Center will remain a strong and vital part of the University of Minnesota, continuing to serve the citizens of Minnesota as it has for many, many decades.

What is happening in the managed care scene is, of course, a dramatic rethinking of how health care is to be provided in this country--how patients are going to be cared for, and how we are going to finance health care. There is no question that the issues of health, generally, health care in our society, the financing of health care, and access to health care are fundamental issues that our society faces at this particular time.

To give you a sense of how these things are going to flow, in October there will be a specific proposal for the kind of transitional arrangements that need to be made. After a retreat of the Board of Governors of the Health System in November, I believe that the time will come for another presentation of a more specific strategy and solutions for the future. I expect this issue to be on your agenda continuously for the next several months.

#### • FY 95 Sponsored Research Data •

There are two basic ways to report on the results of sponsored research activity: awards given and actual expenditures. Actual expenditures are ultimately the more important, but those have always had to wait until the books are fully closed, well after the end of the fiscal year.

Month by month and, accordingly, soon after the year end, we report on awards given, since they are a fairly current measure of funding decisions that are being made about the University.

In each of last year's (FY '95) quarterly reports to the Board, Acting Vice President Mark Brenner has explained that there has been a backlog of data entry concerning awards. Year-end information reported in this month's docket materials shows \$409.5 million in FY '95 awards; that's a \$159 million, 63.5% increase! ORTTA staff estimate that almost one-half of that is a real increase; the rest is attributable to catching up with the backlog, which existed at the end of last year as well.

Correcting for delayed data entries and looking at the award trends over several years,

- awards have increased at an average rate of 6% per year from 1982 to 1995, and
- awards have increased at an average rate of 8% per year from 1990 to 1995.

Real growth in sponsored research is confirmed by the trends in actual expenditures for sponsored programs. The preliminary total for FY 1995 is \$293 million, an increase of 9.3% over the prior year's \$268.2 million. That is all growth, not a function of data entry delays. A true success story attributable to the efforts of our outstanding faculty!

Using the nationally accepted multiplier from the U.S. Commerce Department's Bureau of Economic Analysis, \$293 million in annual expenditures translate into 10,695 Minnesota jobs. Last year's growth, alone, added 904 jobs to Minnesota's economy.

#### • FY 95 Gifts Data •

The year-end report on gifts to the University of Minnesota contains another piece of good news that I am pleased to highlight. For this past fiscal year, ending June 30, 1995, gifts totaled \$72.4 million, a growth of 28.6% or nearly \$16 million over the \$56.4 million in gifts received during the previous year, FY 1994!

#### • NIH Developments •

On August 14, the National Institutes of Health informed us that the University of Minnesota was being designated an "exceptional organization," a designation that "enables NIH to minimize risks to Federal funds associated with poor business management practices and

provides greater oversight of NIH funds than is feasible through our routine administrative practices."

As explained in more detail in earlier materials sent to the Board, this action by the NIH reflects past problems in the Department of Surgery, not new events, and its purpose is to enter into a jointly developed agreement between the University and the NIH to complete the grants management changes that we have already begun to make.

The NIH has made it clear that they do not intend to take any action that would impair the ability of University of Minnesota faculty to receive continued research funding from that agency. We are not on probation. We are not being punished. There are no additional charges of misconduct.

The agency's action, effective October 1 and extending for at least a year, removes the "expanded authorities provision" for the University, which had provided a certain amount of local flexibility and streamlined processes for certain budgeting items. Removal of this provision means that a number of previously local decisions will have to be approved by the NIH, in most cases simply adding a few days to the approval process for certain transactions.

As you know from those earlier materials, Senior Vice President Infante and Acting Vice President Brenner have responded to the NIH, assuring the agency of our continued, full cooperation, but also expressing our belief that the "exceptional organization" designation is neither appropriate nor necessary to meet our mutual aims.

"Exceptional" is usually a positive term. In that usually positive meaning, and throughout the entire history of the Surgery Department controversies, the record is clear that we have been, in fact, an exceptional organization:

- exceptionally committed to our own accountability and the self-investigation required;
- exceptionally thorough in our investigation, despite the very high costs, monetary and other;
- exceptionally open, with the public and the federal agencies; and
- exceptionally firm in our actions, both with personnel and with policies, processes, and practices.

At this time, we do not know whether the NIH will expressly acknowledge—as we have requested—our substantial efforts to investigate and rectify the problems. We do not know whether or how the agency will respond to our contention that the "exceptional organization" designation is unnecessary.

We do know that we will cooperate fully with the NIH and all other federal agencies in our continuing efforts to resolve any and all problems and issues arising from this extremely difficult chapter in our history. We will fix what was broken.

### • Football Panel •

After nearly a year of hard work and extraordinary volunteer contributions, the blue ribbon panel to review of Gopher football program and develop recommendations for improving its competitiveness has given us an excellent report.

Not very surprisingly, the panel's report has already led some to jump the gun and misinterpret recommendations, so I do believe that the Board's approval of the proposed resolution was important as a means of stating the University's basic positions on three key issues:

- There are no plans to pursue a "winning at all costs" strategy. As expressly stated in the panel's report, "Winning should not, cannot and need not be pursued at the expense of the institution's integrity, the academic welfare of its student athletes, nor to the detriment of its other priorities."
- There are no plans to build a new on-campus football stadium. While prudent management requires and will include the consideration of long-term site options, the University intends to abide by its current lease agreement to play home football games in the Hubert H. Humphrey Metrodome until the year 2012.
- There are no plans to relax academic standards for student athletes. While the University has a special obligation to students whom it recruits, that responsibility does not include a compromise in scholastic expectations to the exclusion of other undergraduates.

Stated positively, "...the Board reaffirms its support for the Gopher football program and seeks to ensure a program that is competitive, clean, committed to the well-being of student athletes, and consistent with the values and traditions of the greater University."

The \$41 million athletic facilities improvement program we undertook in 1990, as a self-help investment in strong athletic programs without any tax support, has provided some of the finest sports facilities in the Big Ten, including a remodeled Williams Arena, a new Mariucci Arena, and a superbly designed Sports Pavilion, primarily for Women's Intercollegiate Athletics. In addition, and again without any tax support, our football practice facilities have recently been greatly improved—action that has already implemented one major recommendation of the Football Panel's report. Much credit goes to the Men's Athletics Department for making

these projects financially possible and to a generous donor community for lending private support.

**• "Health in Modern Society" Conference in Stockholm •**

On August 28-29, I participated in a conference on "Health in Modern Society," the third annual conference of the Institute for Futures Studies, co-sponsored by the Karolinska Institute in Stockholm and the University of Minnesota Hubert H. Humphrey Institute. First Lady Hillary Rodham Clinton had been invited to address the conference, but when she was unable to attend, I had the honor—and surprise—of presenting a substitute speech, along with Professor Åke Andersson, Director of the Futures Studies Institute. The conference was opened by the Swedish Prime Minister, Ingvar Carlsson, who is, by the way, a Big Ten graduate (Northwestern).

A dinner was given the night before the conference by the U. S. Ambassador to Sweden, honoring our own Regent, Governor Wendell Anderson, and other members of the Minnesota contingent, including Patty Lindell and Duane Engstrom, co-chairs of the Minnesota support group for the series of conferences, Dean G. Edward Schuh, Senior Fellow Tim Penny, and other representatives of the Humphrey Institute, and Professor Michael Metcalf, Director of our Institute of International Studies.

Next year's conference will again be held in Minnesota.

**• Cooperation with the Karolinska Institute •**

I'm pleased to report that we also used this occasion to renew, for five years, the University of Minnesota's cooperative planning agreement with the Karolinska Institute, the institute that determines each year's winners of the Nobel Prize for Medicine. The new exchange agreement is based on a \$500,000 grant from Curtis L. Carlson to the U of M Medical School and counterpart funding in Sweden. General objectives are:

- Exchange of medical students, graduate students, residents, and faculty;
- Joint and/or coordinated organization of seminars, meetings, and lectures;
- Joint or supplementary undertaking of projects on research, teaching, and technological development;
- Exchange of publications;
- Implementation of postgraduate student exchange programs.



**• Cooperation with Linköping University, Sweden •**

For two days before the Stockholm conference, I joined a nine member University of Minnesota delegation from the College of Education and Human Development and the College of Natural Resources visiting and discussing environmental education with the faculty and administrators of Linköping University in southeastern Sweden. The objectives of our delegation were:

- to establish professional relationships;
- to learn about Swedish educational environments;
- to explore formal exchange and joint research possibilities; and
- to explore USIA/Fulbright/Swedish Institute/SIDA support of exchange and research possibilities.

Much credit goes to our colleagues at Linköping, who put great effort into hosting the delegation, and to Professor Steven Laursen, Assistant Dean of the College of Natural Resources, for making this exchange possible and leading the Minnesota delegation. Other members were:

- Dorothy Anderson, Assistant Professor, College of Natural Resources
- Stephan Carlson, Assistant Professor, Center for 4-H Youth, College of Education and Human Development
- John Cogan, Professor, College of Education and Human Development
- Fred Finley, Associate Professor, College of Education and Human Development
- Harlan Hansen, Professor, College of Education and Human Development
- Ruth Hansen, Elementary Program Specialist, St. Louis Park Schools
- Jim Kitts, Associate Professor, College of Natural Resources
- Joyce Walker, Professor, Center for 4-H Youth, College of Education and Human Development.

**• Regents' Professorships •**

**Introduction of Joanne Bubolz Eicher, Regents' Professor of Design, Housing, and Apparel, College of Human Ecology, University of Minnesota, Twin Cities**

Regents' Professor Eicher has drawn on the fields of sociology, anthropology, art history, and textile and apparel design to establish the field of African dress and textile studies as an important field of scholarship. Her work on the sociocultural aspects of dress in the Kalabari and other African cultures has been recognized by scholars and museum

directors in the United States, in Asia, and especially in Africa. Several of her co-authored books are regarded as classics in their field.

In addition to her extraordinary scholarly accomplishments, Joanne Eicher has distinguished herself as a teacher and advisor. She has received two awards for undergraduate teaching. She has also served the University as Head of the Department of Textiles and Clothing, as Head of the Department of Design, Housing, and Apparel, and as Director of the Goldstein Gallery. She has also made important contributions through her service on many faculty governance committees.

**Approval of the Appointment of George (Rip) Rapp as Regents' Professor of Geoarchaeology, College of Science and Engineering, University of Minnesota, Duluth**

During his thirty year career at the University of Minnesota, Professor George (Rip) R. Rapp has assembled a distinguished record in research, teaching, and administrative and professional service. Trained as a geochemist and mineralogist, Rip Rapp turned his attention to archaeological problems twenty-five years ago. He is considered a pioneer in and founder of the field of archaeological geology, having authored numerous papers, articles, and books in this research area, mentored the next generation of geoarchaeologists, established the Archaeological Geology Division of the Geological Society of America, and directed major excavations in Greece, Israel, Cyprus, and, more recently, China. For his extraordinary contributions to his field, Rip Rapp has been recognized many times over by professional societies, his colleagues, and his students.

Among his many administrative and faculty service roles at the University, Rip Rapp served with distinction for fifteen years as Dean of the College of Letters and Science and then the College of Science and Engineering at the University of Minnesota, Duluth. His commitment to teaching and education is demonstrated by the number of undergraduate and graduate students he has advised, the development of a very successful liberal education course on dinosaurs, and numerous public presentations on geoarchaeology. In addition to his service as Professor of Geology, Archaeology, and Ancient Studies, Dr. Rapp has also directed the Archaeometry Laboratory at UMD.

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**President's Report  
to the  
Regents of the University of Minnesota  
Nils Hasselmo  
October 13, 1995**

Mr. Chair, Ladies and Gentlemen of the Board, since the September meeting of the Board, the long awaited rankings of graduate programs by the National Research Council were published. Of the 39 University programs ranked, 6 were ranked "distinguished" (Chemical Engineering, Mechanical Engineering, Mathematics, Economics, Geography, and Psychology), 24 were ranked "strong," 6 were ranked "good," and 3 were ranked "adequate." In a separate measure, 18 of our programs were ranked "extremely effective in educating scholars." Together, those results show quality maintained and quality improved in graduate education.

On September 25, the *U. S. News & World Report* again ranked the Twin Cities campus undergraduate program as a "Best Buy" among national universities. The Duluth campus was ranked as the 4th "Most Efficient" of regional colleges and universities in the midwest, and the Morris campus was also featured as a public liberal arts college.

**• Beginning of Fall Quarter •**

On September 27, the Northrop mall was a more tangible scene that may have captured the essence of *University 2000* better than any of these rankings. It was the annual "Lunch with Leaders," and the students I had the pleasure of meeting surely did seem to be the leaders of tomorrow—bright, committed, articulate.

The mall, itself, hasn't looked so good in years, thanks to the efforts of Bob Erickson, Sue Markham, and Facilities Maintenance. Thanks to University Relations, maroon and gold banners are on the light posts, and the carillon is playing again during the noon hours. Over and over, I heard the comments, "this looks, sounds, feels like a campus again." And plaza to plaza, Northrop to Coffman, thousands of students, staff, and faculty were enjoying the weather and the mall. All in all, it was a thoroughly pleasant scene, a fitting reflection of a fall quarter that is beginning with many upbeat notes.

Last fall's entering freshman class was the most diverse and highest ability in the history of the Twin Cities campus, and 84% had completed all of our strengthened preparation requirements (4 years of English, 3 of math, 3 of science, 2 of a second language, and 2 of social studies). This fall, more than 85% of students admitted have completed those requirements, the number of students of color has continued to increase, and preliminary information is that the caliber of the freshman class is very close to last year's class. A better graduation rate opened up more than 600 slots for

additional freshmen. Applications for the IT and CLA Honors Programs are also up, 39% and 71%, respectively.

The number of freshmen wanting to live on campus also continues to grow. For years, the typical pattern was 40-45% living in dorms. Last year, that jumped to 70%. This fall's growing interest has produced a temporary housing shortage, but we see on-campus living as an important way of improving the campus community experience, one of our priorities.

Also growing is the number of students in special housing programs that are directly tied to their academic life. This fall, for the first time, two floors in Middlebrook Hall will house 128 students in the IT and CLA Honors Program. The Residential College Program, which started last year with 94 students, has been expanded to 160 students this fall. Next year, the new facilities being built in Stadium Village by Dinnaken Properties will add 100-170 spaces for Residential College.

Combining our residence halls, the 1,600 residential opportunities in sororities and fraternities, and the thousands of apartment opportunities within walking distance, we are no longer predominantly a commuter campus. That means more opportunities to develop a stronger sense of community.

I regard all of these as positive signs, developments that were planned, and results of investments that we have made, largely through the 1991-1996 Restructuring and Reallocation Plan and the Undergraduate Initiative. While many of these investments were made before *University 2000* was enunciated as our vision, mission, and strategic plan, they were among the key investments that were the foundation of *U2000*.

#### • 1996-1997 Investments and Reallocations •

This year, FY 1996, marks both the fifth year of the R&R Plan's investments and the first year of the *U2000* investments, \$153.7 million in total.

This month, as we discuss the sources—and impacts of necessary cuts—of \$31.9 million of those investments, I cannot over-emphasize the importance of keeping in mind the investment decisions that were made back in June, 1995, when the Board approved the FY1996 Budget and the Financial Plan for FY1997. That package of investments and their impacts was the first half of the reallocation equation. The second half, the new information in this month's presentation, identifies the sources of the reallocations and their impacts on the provostal areas, the campuses, and the central administration.

An additional \$31.9 million—beyond the \$28 million originally committed in our Partnership Proposal—cannot be reallocated without serious impacts on University programs and University people—good programs and good

people. It bears repeating that several years of reallocations and state-mandated budget cuts long ago exhausted the easier decisions—and they were never that easy.

That the decisions now faced are all difficult cannot, however, overshadow the strategic investments that we decided to make last spring. We are putting money where our priorities must be, and it is particularly important to note that all of the coordinate campuses and all of the Twin Cities campus provostal areas have, in fact, experienced net gains in this year's financial resources.

Another important point that I want to emphasize is that judicious consideration of timing and short term opportunities will mean some temporary reallocations that are not, on their face, consistent with long range plans. At first glance, it will seem odd to take money away from programs that we know to be investment priorities, but we have found situations where that makes sense in the short term. Later on, when the time is right and when the investments are really needed, such allocations will be reinstated, consistent with strategic planning goals.

**• Academic Health Center Supplementary Legislative Request •**

As noted last month in Provost Brody's presentation on reengineering in the Academic Health Center, we have presented this month a proposal for a legislative appropriation of transition funding to enable change. The proposal totals \$25 million, \$10 million for extensive changes in the education of students in the health professions, and \$15 million for information technology systems and improvements in health care delivery.

The proposal requests \$14.5 million in FY1997 and \$10.5 million in FY1998 and suggests that \$10 million come from the dedication of the provider tax that is paid to the state by the University of Minnesota Health System, and that \$15 million come from a state General Fund appropriation.

We also presented an Academic Health Center proposal for amendments to the University's capital improvements requests to the 1996 legislature:

- Health & Safety \$ 3,500,000  
(Included in the Capital Request reviewed by the Board in September)
- Classroom Renewal \$ 2,375,000  
(Increased by \$1.5 million over the request reviewed in September)
- Minnesota Department of Health Building \$ 12,000,000

The Minnesota Department of Health intends to vacate the building, and we are requesting a transfer of ownership to the University, plus funds

for the renewal of building systems and modifications to accommodate University programs.

- Centers of Excellence Facilities \$ 6,500,000

\$3.5 million for a new Magnetic Resonance Imaging facility with capacity for expected expansion. The MRI program has outgrown its current facility.

\$3,000,000 for the Molecular and Cellular Therapeutics Building, modifying and equipping the facility for an expanding program that is an opportunity for national prominence.

Some of these proposals were developed after Governor Carlson toured AHC facilities last month. The Governor indicated that he would be willing to consider additions to the AHC portion of the capital budget.

#### • Federal Legislation on Student Financial Aid •

The changes in federal student financial aid policies and funding that are being debated in Congress this month were not on our agenda for this month's meeting, but I need to update you here on these very important issues. We are faced with a complicated agenda of House and Senate bills, with the situation changing almost daily, but all of American higher education is facing proposed changes that would fundamentally threaten our national commitment to provide equal opportunity for all qualified students to attend college, regardless of financial means.

That commitment, while never fully honored, has resulted in access to higher education that is the envy of the world. It has been a national investment in youth and talent that has paid off richly, enhancing American competitiveness beyond even optimistic levels a few years ago.

In spite of such pay-offs, Congressional budget cutting initiatives would tax colleges and universities on the basis of federal loans to their students, raise interest rates charged to students and parents, eliminate the six-month grace period for interest charged after graduation, eliminate or sharply curtail the successful direct lending program, reduce the funding for federal management and oversight of the loan programs, and provide a nearly \$2 billion windfall to loan guaranty agencies of reserve funds now held in trust by those agencies.

We have written to Minnesota's Senators and Representatives, and we are encouraging others to do so, including Regents, faculty, staff, students, parents, and alumni. I am also collaborating with MnSCU Chancellor Judith Eaton and David Laird of the Minnesota Private College Council on a newspaper opinion piece

• **Responses to the Report of the Commission on Women** •

*The Minnesota Plan II 1995-2000* is a working paper from The Commission on Women. The full paper was distributed to the Board last May, and I also shared the report with the chancellors, provosts, and vice presidents, asking them to identify the recommendations of greatest salience in improving the climate for women in their areas. I also asked them to outline corrective actions for implementation in 1995. Those responses are now in, and I would like to call your special attention to pages 23-39 in the docket materials for Friday's meeting of the Committee of the Whole.

• **Appointments of Deans** •

The appointments of three new deans were approved by the Board this month: **Dr. Michael Martin** as Dean of the College of Agriculture, Food, and Environmental Sciences and Associate Director of the Minnesota Agricultural Experiment Station; **Dr. Katherine Fennelly** as Dean and Director of the Minnesota Extension Service; and **Dr. Robert Elde** as Dean of the College of Biological Sciences.

**Dr. Michael Martin**

Last Monday in Brainerd, I had the double pleasure of hearing presentations on the Family Nutrition Program of the Cluster 9 office of the Minnesota Extension Service, and meeting Mike Martin's mother. By the third hug from a proud mother, it was obvious where Mike gets his exuberance!

Dr. Martin earned his bachelor's and master's degrees from Mankato State and his doctorate from the University of Minnesota. He served on the faculty of Oregon State University for 15 years before returning to our College of Agriculture in 1992 as Professor of Agricultural and Applied Economics. He then served as Assistant Director of the Minnesota Agricultural Experiment Station and Associate Dean for Research in the College of Agriculture until last January, when he began his service as an extremely effective Interim Dean.

**Dr. Katherine Fennelly**

Dr. Fennelly has headed the Agricultural and Extension Education Department at Pennsylvania State University since 1992, and her appointment as Dean and Director of the Minnesota Extension Service would be effective January 1. She earned her bachelor's degree in political science from Syracuse University and her master's and doctorate in education from Columbia University. After serving as CARE's first female overseas field representative, working on family planning and nutrition in Ecuador, she returned to Columbia University's International Institute for

the Study of Human Reproduction, later becoming Associate Professor of Clinical Public Health in Columbia's Center for Population and Family Health. In 1988, she became Associate Professor of Health Education at Penn State.

### **Dr. Robert Elde**

Dr. Elde holds the J. B. Johnston Land Grant Professorship of Neuroscience in the University of Minnesota's Department of Cell Biology and Neuroanatomy. With the full support of the faculty of the College of Biological Sciences, I am making the somewhat unusual recommendation that his appointment as Dean of CBS be a one-year appointment, renewable for one year, because of the possible reorganization of our critically important Biological Sciences programs. We all agree that the current consideration of new collegiate arrangements requires stronger leadership than would be implied by an "acting" or "interim" appointment, so we conducted a rigorous internal search by a regular search committee to find a strong, respected leader for the next year, possibly two.

I was very happy to be able to recommend three strong and respected candidates for these deanships. Even without the recent stories on the turn-over among deans and the difficulties of deans' jobs, I have been increasingly concerned about the workloads and expectations of deans as well as department heads.

Earlier in my own administrative career, I've served as department head, associate dean and executive officer, vice president, and provost. Especially looking back to those earlier years in department and college administrative, I thought the workloads and expectations were heavy then, but they truly qualify as the "good old days" when they are compared to the present! We are in a period of rapid change and diminishing resources, faced with reallocation decisions that are more and more difficult, and with increasing demands for reorganization and increased efficiency. There is pressure all around, but it is especially heavy in the collegiate and departmental functions.

These are the costs of our agenda for change, paid by deans, department heads, and others in order to realize the benefits of *U2000* strategic planning and our strategic investments, of the reorganization of central administration and the development of the Twin Cities campus provostal areas, and of the efforts to improve management systems, tools, and training. All of this has been difficult, and it will continue to be difficult, but I believe the results are worth it.



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**President's Report  
to the  
Regents of the University of Minnesota  
Nils Hasselmo  
November 10, 1995**

Mr. Chair, Ladies and Gentlemen of the Board:

It's my pleasure to report to you that University of Minnesota loyalty is alive and well in East Asia! Our delegation's visit to Korea, Japan, Taiwan, and the People's Republic of China could not have been more encouraging, and we have a long list of potential exchange projects and eager collaborators.

Our delegation included representation of the Board of Regents (Regent Hyon Kim), the President's Office (Professor Mario Bognanno and Pat and I), the University of Minnesota Alumni Association (President Linda Mona and Mr. Robert Burgett), the University of Minnesota Foundation (President Jerry Fischer), the Carlson School of Management (Dean David Kidwell), I.T. Computer Science (Professor David Du), the I.T. Technological Leadership Center (Professor Jack Schulman), the China Center (Professor David Pui), the College of Liberal Arts, Chinese History (Professor Edward Farmer), and the Institute of International Studies and Programs (Professor Michael Metcalf and Dr. Kay Thomas).

The University has over 10,000 alumni in mainland China, Taiwan, Korea, and Japan. What they have in common is intellectual vitality, deep affection for the University and the life-shaping experiences they all had at the University, and great willingness to help the University.

Our relationships with China date back to 1914, when our first Chinese student enrolled. One of the alumni we met was Dr. Jin Shanbao, who was born July 2, 1895, and came here in 1930 for graduate work. He's a member of the Chinese Academy of Science and was one of the founders of agricultural research in China. Even though he is over 100, he came to the alumni gathering. Eight other members of the Chinese Academy of Science are University of Minnesota alumni, and four came to the alumni gathering the we attended.

Our East Asian alumni are government ministers and other officials, business people, and leading academics, an extraordinary network of Minnesota alumni in important positions in these countries. They face difficult problems, but they have buoyant economies and strong positive beliefs about the future.

These alumni want to work with the University. We signed a number of exchange agreements and made contact with many university, government, and business leaders. The University needs to have more of its own students who are getting an education in agriculture, engineering, management, education, and the sciences also acquire a knowledge of East

Asian languages and culture. We must build the programs that offer this education. If we do, it will attract students to the dual experience of both professional development and international cultural experience.

We also met with the representatives of Minnesota corporations located in East Asia, such as 3M, Cargill, and Norwest Bank. They see a demand for students with this kind of training, and there are exciting internship opportunities available. It is also an economic, cultural, and political necessity that our students be offered such educational opportunities as the world moves into what has been called the "Pacific Rim Century" with the vital economies and populations in East Asian countries.

The University has considerable competition in these countries, but we have two relative advantages. One is the length, depth, and strength of the connection to the Chinese, dating to 1914; we have been educating Chinese students ever since, building a network that we continue to cultivate.

The other is the University's unique advantage in Korea; we have over 5,000 Korean alumni, a number probably not matched by any other research university. In 1954, when the United States was helping to rebuild the South Korean economy, it contracted with the University of Minnesota to help. We sent 60 faculty members to South Korea to assist in rebuilding and equipping their universities, which had been all but destroyed by wars. They sent 229 faculty members to the University for further graduate study. That network remains in place; they recognize it, want to maintain it, and want to make it even stronger.

The trip was an eye-opener in terms of the enthusiasm and gratitude the East Asian alumni feel toward the University. It's impossible to capture their full enthusiasm in a summary, but the hundreds of personal comments that I heard reflected the great value our East Asian alumni place on their own experiences at the University. They told me they feel they owe the University a great debt that they would like to repay, for example, through mentoring of students, but also through other forms of collaboration and alumni activity. They also value the vision and progress of University 2000, and, in what I regard to be the ultimate vote of confidence, they want to send their own children to attend the University of Minnesota.

The University must also cultivate these relationships. We need to develop a coherent strategy with respect to our East Asian connections.

The possibilities raised by the trip will be built explicitly into the strategic planning process, including the coordinate campuses. And, with the important role played by Linda Mona, President of the Alumni Association, we will cement stronger relationships with East Asian alumni.

The National Research Council, the principal operating agency of the National Academy of Sciences and the National Academy of Engineering, recently issued its ratings and rankings, the first since 1982. Acting Vice President Brenner presented a report on the ratings to the Educational Planning and Policy Committee on Thursday.

The news is both good and sobering—and important to take seriously. It's also important to note that the NRC survey covers only 41 fields of study, 39 of which apply to the University, covering roughly one-third of our doctoral programs and one-half of our doctoral degrees. With the exception of some engineering fields, it does not cover our professional colleges.

Six of our graduate programs were rated as "distinguished," based on the scholarly quality of the graduate faculty:

- Chemical Engineering (ranked #1)
- Geography (#3)
- Psychology (#7)
- Mechanical Engineering (#8)
- Economics (#10)
- Mathematics (#14)

In rankings based on scholarly quality of the faculty in the programs surveyed, our composite rank is 20th, 9th among public universities.

Of other University programs, 25 were rated as "strong;" 9 of those programs were nationally ranked in the top 20. "Good" ratings were given to 5 others; 3 were rated "adequate." None was rated "marginal" or "not sufficient."

Ratings for effectiveness of education listed 18 of 39 University programs as "distinguished," with 18 others "reasonably effective." In rankings, 5 were in the top 10; 18 were in the top 20. Our composite rank in educational effectiveness was 5th among public institutions, 15th among public and private.

It is clear that the competition has increased. In 27 of 39 fields the University was judged to have improved in quality in the past five years, but it has, nevertheless, slipped a little bit in the rankings of departments. This shows that the competition is even more fierce than in 1982. To stay one of the top 20 research universities will require a big effort; to move into the top 10, which the University seeks to do, will require a Herculean effort.

California now has a half-dozen institutions competing in the top 20. This means the University will have to redouble its efforts to stay where it is, let alone move up in the rankings.

This is a top 20 university, but unevenly so. Based on the total score of all ratings above 3.0 ("distinguished" and "strong") we rank 7th in engineering, 13th in the social sciences, 17th in the biological sciences, 23rd in the physical sciences, and 29th in the arts and humanities.

Some investments made in recent years are clearly paying off, but the University has not really invested the way it needs to in order to move disciplines forward, especially in the arts and humanities.

The agenda is cut out for the University. The ratings must be evaluated carefully, and the U2000 agenda must be honed in order to ensure the University invests in programs. That means that the focus must be narrowed. The University cannot carry all its graduate programs into the next century. Investments must be made selectively to protect and increase program quality. And that will not be cheap.

Competing private institutions often have options the University does not. Keep in mind that there are only 7 land-grant institutions—including Minnesota—in the top 20 research universities, as ranked by NRC. Land-grant institutions have such other responsibilities as many professional schools, outreach and the extension service, and the experiment stations, which cannot be ignored. The tension among the various objectives for funding is difficult. It is a tough agenda to create leadership in a range of disciplines, carry out undergraduate education, and fulfill land grant responsibilities. If an institution competes in the traditional disciplines, it may do one thing; if it wants to look ahead and compete in emerging fields, it will do another thing. The University must continue to make the kinds of strategic investments we have made in the past few years. The question is what to do on the frontiers to be a leader. The University does not want to compete in yesterday's classifications.

I am convinced that NRC and other rankings show that the University is doing well, as a very complex institution, but there is a stiff agenda if we are to maintain our position. With the success of the Minnesota Campaign and subsequent fund-raising in creating endowed professorships and chairs, with investments in research infrastructures such as telecommunications, computing, and supercomputing, and with investments in new, interdisciplinary centers, we have taken important steps. But so has the competition, especially the private research universities. That competition will only grow.

#### **• The Jane Goodall Institute's Center for Primate Research •**

I'd like to call your attention to a different way of measuring quality at our University. Dr. Jane Goodall, world renowned researcher on primate behavior, will be on campus November 15-16, presenting fund raising lectures for the Jane Goodall Institute's Center for Primate Research at the University of Minnesota--hopefully permanently at the University of Minnesota. The development of that center is a strong vote of confidence in

Professor Anne Pusey (Dr. Goodall's student) and our distinguished Department of Ecology, Evolution, and Behavior.

Dr. Goodall is voting with something priceless, extraordinarily invaluable--more than half a ton of detailed field research notes that she gathered over more than three decades--allowing Minnesota faculty, staff, and students to computerize all the data, apply new techniques of research, and use these uniquely valuable resources in teaching. The Center for Primate Research will attract scholars and students from all over the world, earning continued distinction for the department and the University.

**• UMD Chancellor Kathryn Martin •**

Regents Tom Reagan and Julie Bleyhl, Regent-emeritus Erwin Goldfine, several central and Twin Cities campus administrators, and I had the distinct pleasure of attending the inauguration of Chancellor Kathryn Martin on November 3. The inaugural events were wonderfully upbeat and encouraging, much enhanced by an enormous show of support from the Duluth and campus communities.

**• College of Pharmacy Dean Marilyn Speedie •**

I'm looking forward to the January meeting of the Board as the first opportunity to introduce our new Pharmacy Dean, Dr. Marilyn K. Speedie, whose appointment, effective January 1, was approved in September. She will be the sixth dean in the 103 year history of the College of Pharmacy.

Dr. Speedie is currently serving as Professor and Chair of the Department of Pharmaceutical Sciences at the University of Maryland at Baltimore, where she has been a faculty member for twenty years. She has received Teacher of the Year awards from the Oregon State University College of Pharmacy, the University of Maryland School of Pharmacy, and the American Association of Colleges of Pharmacy, and for her research she received the Paul Dawson Award in Biotechnology in 1994.

Dr. Speedie's husband, Dr. Stuart Speedie, is also joining our faculty in the Department of Laboratory Medicine and Pathology in the Medical School. He will also have appointments in the Health Informatics graduate program and the Social and Administrative Pharmacy graduate program, and he will serve as Director of Health Sciences Academic Information Systems in the Provost's Office.

**• Institute of Technology Dean H. Ted Davis •**

It is a basic truism in higher education that quality depends mostly on faculty members, and the organizational unit most important to quality is

the department. We have no better example than the Department of Chemical Engineering and Materials Science. Our Chemical Engineering graduate program is #1 in the country, just as it was in 1982.

That Chemical Engineering was #1 in 1982 must be credited to the great department-building skills of Regents' Professor Emeritus Neal Amundson. That it has stayed #1 in 1995 must be credited in large measure to fifteen years of distinguished departmental leadership by Ted Davis.

Neal Amundson was a tough act to follow, but he left a strong legacy in the hands of a successor who knew how to continue and strengthen that legacy. Now, with the Board's approval of Professor Davis as Dean of the Institute of Technology, he will have the opportunity and challenge to build more distinguished departments and a distinguished Institute of Technology.

Dr. Davis earned his Bachelor's degree in chemistry from Furman University and his doctorate in chemical physics from the University of Chicago. After a year's postdoctoral work at the Free University of Brussels, his 32-year faculty career has been at the University of Minnesota. He holds professorial rank in the Department of Chemical Engineering and Materials Science, the Department of Chemistry, and the Center for Interfacial Engineering, and he is a Fellow of the Minnesota Supercomputer Institute.

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**President's Report  
to the  
Regents of the University of Minnesota  
Nils Hasselmo  
December 8, 1995**

Mr. Chair, Ladies and Gentlemen of the Board, I'm happy to be able to add an important personnel item to the President's Report that was faxed to you Tuesday afternoon: the appointment of Ms. JoAnne G. Jackson as Senior Vice President for Finance and Operations.

I am deeply indebted to JoAnne for her acceptance of this critically important assignment. She has been serving with great effectiveness as Associate Vice President and Chief Financial Officer of the Academic Health Center in a time of dramatic and rapid change. This time has been, and obviously still is, a period of exciting challenges in AHC financial management. Those are challenges that she was understandably reluctant to leave, which makes it all the more gratifying to me that she is willing to take on the broader challenges of University-wide finance and operations management.

We're all indebted to Roger Paschke for serving so effectively as Acting Senior Vice President since July. Our agenda for the last six months has been packed with essential matters that required the most active leadership in Finance and Operations, and Roger and his colleagues have delivered without fail.

**• AHC - Fairview Strategic Alliance •**

I am pleased to report that the Academic Health Center is proceeding on a very fast track in discussions on a possible affiliation with Fairview Health System. The deadline for completing these Phase II discussions and drafting a Memorandum of Understanding is January 1, 1996.

The Board of Regents will receive further information about the proposed affiliation at the December meeting; a small group of Regents designated by Regent Reagan is being briefed regularly about the steps in the negotiations. A draft Memorandum of Understanding will be presented to the Board of Regents as soon as possible, conceivably as early as the January meeting.

I have appointed AHC Provost William Brody and Acting Senior Vice President Roger Paschke to serve as co-chairs of the University's AHC-Fairview Project Team. Working groups of the University's Project Team have been appointed and have begun intensive work.

The work of the University working groups will also inform, as appropriate, the work of similar working groups of the Fairview-University Integration Task Force, under the direction of Provost Bill Brody and Richard Norling, President and CEO of Fairview Health System.

**• Collective Bargaining •**

Collective bargaining agreements with Teamsters Local 320 and AFSCME Local 1164 have been ratified by their membership and approved by the Board of Regents. To the credit of all the negotiating teams' members, these contracts serve mutually the interests of the University and its bargaining unit employees.

**• Steam Plant •**

After a long and extremely thorough process of studying the options—our own extensive study, which selected Foster Wheeler as our vendor/partner, and the Voluntary Environmental Impact Statement, which was found adequate by the Minnesota Environmental Quality Board—I have recommended that the Board of Regents authorize proceeding "with all necessary activities for an amended Case A," that is:

- Conversion of the St. Paul Campus heating plant to primarily gas/oil by adding a new 250,000 pph steam boiler;
- Addition of two new gas/oil boilers to the Southeast Plant;
- Addition of a new Circulating Fluidized Bed (CFB) boiler capable of burning solid fuels, biomass, and gas at the Southeast Plant;
- Addition of 15 megawatt cogeneration capacity;
- Restoration of the exterior of the Southeast Plant; and
- Addition of mitigation components including:
  - Coal screens and enclosures for the coal unloading and storage facilities located near the Main Plant;
  - Installation of a coal transport conveyor between the Main Plant coal storage area and the Southeast Plant coal storage area to reduce truck traffic; and
  - Addition of gas burners to the CFB boiler to increase the gas firing capability of the CFB boiler from 50% of total output to 100% of total output.



Doing nothing has not been an option since 1897, when we finally came to know that our old, obsolete steam production facilities were neither reliable nor environmentally sound. We had done nothing—or at least not enough—for too long.

Every option for change has had its costs and benefits, its opponents and proponents. We've been studying and hearing testimony on the options for years, and it's time to act—to exercise the careful stewardship that has characterized this entire project from the outset:

- stewardship of the University's ability to operate—well into the future—in support of teaching, research, and outreach;
- stewardship of the University's (and the state's) financial resources;
- stewardship of our environment; and
- stewardship of facilities identified for historical preservation.

Balancing these stewardship responsibilities, serving all four as well as we possibly can, is the fundamental goal that we must and will pursue. We are now, I believe, ready to proceed on the basis of the fullest possible information, consultation, and cooperation.

#### • Roles and Responsibilities — Graduate School and University College •

I have asked Senior Vice President Jim Infante to develop two "roles and responsibilities" documents, one on the Graduate School, working with the Provosts and Acting Dean Mark Brenner, and the other on University College, working with the Provosts and Dean Hal Miller.

The Graduate School document will deal with the delivery of graduate instruction and advising, as well as the development of graduate faculty. The University College document will deal with the delivery of undergraduate and selected graduate programs, based on the Vision and Strategic Plan for University College.

I've asked that both documents include a "policies and procedures" document, grounded in a careful review of the extensive work by the Transition Task Force, identifying Administrative Roles, Responsibilities, and Requirements by functional area. I've asked for committee reports by February 28, with final decisions on the committees' recommendations by May 30.

#### • Next Round of Planning/Preparation of Financial Plan for FY98 & FY99 •

Instructions for the second (1995-1996) round of "Planning, Budgeting, and Evaluation" are being distributed by Senior Vice President Jim Infante and Association Vice President Bob Kvavik this week.

Based on constructive feedback from the Provosts, Chancellors, and Deans, there are a number of changes from the first round (1994-95).

- This second round has been designed to be one of revision, quite often minor, rather than a major redesign of existing plans.
- We are assuming that a biennial process is more useful and feasible than an annual process.
- The Provosts and Chancellors will determine the schedule and deadlines for their units, within the period, February—March.
- The process for this round of planning will include consideration of some specific fiscal constraints, both for now and for the longer term future.
- This round of planning will be focused on:
  - External and internal environment,
    - important changes since the last planning document was prepared,
    - current status with respect to diversity plans,
    - changes anticipated with the shift to semesters that will impact central planning and actions, and
    - enrollment and resource assessment;
  - Modifications of action plans,
    - to reflect budget adjustments and other environmental changes, and
    - to indicate how unit plans will address U2000 strategic areas;
  - Goal setting for the first phase critical measures where collegiate goals are appropriate.

A Financial Plan for FY98 and FY99 will be prepared, drawing on the planning process. It will be presented to the Board for review in May and action in June. The Biennial Request for FY98 and FY99 will be presented to the Board for review in September and action in October on the basis of the Financial Plan.

### • Responsibility Center Management •

The University of Minnesota has long depended on—and benefitted from—substantially decentralized decision-making. To be sure, decentralization has produced more than a few difficulties of mixed signals, but the fact remains that key planning and budgeting decisions are best made as close as possible to the real work of teaching, research, and outreach in departments, colleges, provostal areas, and campuses.

Our problems with decentralized decision-making have been that the managers who should be most responsible for planning and budgeting decisions have never had clear responsibility and authority for balancing key issues, notably the management of space and the generation and allocation of tuition, indirect cost recoveries, and state funds.

On May 5, 1995, Senior Vice Presidents Jim Infante and Bob Erickson described the potential of Responsibility Center Management (RCM) as a decision-making concept to rationalize our planning and budgeting efforts. An RCM Working Committee, co-chaired by Associate Vice Presidents Bob Kvavik and Dick Pfutzenreuter, was asked:

- to assess RCM;
- to formulate an RCM model that complements the academic values and objectives of the University of Minnesota; and
- to outline the steps required to fully implement the RCM model.

The RCM Working Group submitted its *Draft Report* this fall, emphasizing that:

1. RCM would not be a radical change in the University of Minnesota, since many of the key components and practices associated with the generic concept of RCM are already in place and have been for some time; and
2. the four key elements of the budgeting process that I mentioned earlier—the management of space and the generation and allocation of tuition, indirect cost recoveries, and state funds—require systematic and immediate review.

As recommended by the Working Group, technical work groups in these four areas have been appointed, and a fifth, the Central Advisory Committee on Responsibility Center Management, was appointed November 21, chaired by Fred Morrison, Oppenheimer Wolff & Donnelly Professor of Law. The Central Advisory Committee's charge is to:

- consider the *Draft Report*;

- analyze issues raised by the work groups; and
- engage members of the University community fully and actively in an ongoing consultative process.

**Our goal is to phase in some changes during FY97 and to begin full implementation with FY98.**

I should add one footnote. Our goal is to adopt management practices that balance responsibilities and authority at the proper decisionmaking levels. It is not our goal to adopt "Responsibility Center Management" as a specific, "formally" named approach. Once named and adopted somewhere else, "RCM" took on very specific characteristics—but different characteristics—depending on which versions different people have read about or experienced. In our case, we're adopting—and adapting—the generic concept of responsibility center management (lower case), not someone else's particular version. As soon as we can find our own name for good sense management, "RCM" is one acronym we'll drop.

#### • Agenda for the Future •

I thought it might be useful for you to see a listing of the major issues that are occupying the administration's and my time and attention at this time, within the work plan that I presented and you approved last summer. If you have questions about any of these issues, please let me know.

The top priorities for the next few months and the issues over which I have assumed personal responsibility are:

1. Revision of the U2000 document (on the basis of a U2000 Supplement prepared by a working group appointed last summer);
2. Preparation of the FY97 Budget and the Financial Plan/Biennial Proposal for FY98 and FY99; and
3. Strategy for the University's Capital Request to the 1996 Legislature.

One part of that strategy is not new, but I want to emphasize it as we approach the beginning of another legislative session. When it comes to legislative requests, the University must speak with one voice—the Board of Regents' voice. That is long-standing University and legislative policy—and long-standing political good sense.

It is the legislature's responsibility to make appropriations decisions and the Regents' responsibility to govern the University. Legislators must know whether budget or capital requests have the approval of the Board of Regents. I take that seriously, and I want to assure the Board that I will do all I can to maintain and enforce that discipline.

Issues over which I will exercise close monitoring and supervision are:

4. Academic Health Center - Fairview Strategic Affiliation
5. Tenure
6. Grants Management

**• Pew Charitable Trust Leadership Award •**

I'm proud to report that two University of Minnesota Campuses—Crookston and Twin Cities—have been nominated for the Pew Charitable Trust Leadership Award for the Renewal of Undergraduate Education.

Part of the material submitted in support of our nomination is a report on the Undergraduate Initiative. Since it is a concise summary of developments of great interest to Board members, I am happy to enclose a copy for your use.

**Attachment:**

**(Submission to Pew Charitable Trust) *U of M Institutional Goal Statement***

## UNIVERSITY OF MINNESOTA INSTITUTIONAL GOAL STATEMENT

In 1990, President Nils Hasselmo forwarded to the Board of Regents *The President's Initiative for Excellence in Undergraduate Education*, a comprehensive and ambitious plan to reinvigorate and transform the education of undergraduate students at the University. The initiative was approved by the Board of Regents in June 1990 and endorsed by the Faculty Senate.

In his presentation of the initiative to the Board, President Hasselmo articulated a fundamental assumption of the initiative: the education of undergraduate students is an integral part of the land-grant mission of the University and is shaped by it. He defined the land-grant university as a community of scholars in the service of society, with clear opportunities, roles, and responsibilities for undergraduate students. For example, undergraduates are members of a community of scholars who learn by sharing in the experience of discovery. Public service places undergraduate education in a broad social context, and enriches it beyond strictly personal intellectual development by providing opportunities for service to society. The President concluded that "it is precisely because we are a research university and a land-grant university with strong service obligations that we can offer a special kind of undergraduate education." The challenge was to make the vision a reality.

The *Initiative* directed the University to address seven areas of concern:

- Enrollment management. The University recognized the need to eliminate over extension and overcrowding. Undergraduate enrollment and class size were too large. Major goals included: to recruit a diverse population of students who are academically prepared; to set high expectations and preparation standards for students before they enter the University; to recruit freshmen so that approximately 80% graduate in the top 25% of their high school classes, with special provisions for students with special talents or high potential from educationally disadvantaged backgrounds; and to increase the five-year graduation rate from 35.6% to 50% of the entering freshmen (note: 32% of undergraduates are part-time by choice or necessity).
- Curriculum. Issues identified: to reestablish the centrality of the arts and sciences and the importance of liberal education for all baccalaureate programs; to give greater attention to basic skills in mathematics, writing, reading, and oral communication; to emphasize the integration of knowledge and the ability to look beyond the intellectual boundaries of traditional academic disciplines; and to reemphasize values, ethics, and social responsibility.
- Advising and Counseling. Our system of advising was too fragmented and lacked central direction and vision. Faculty involvement was too low. Major goals: rethinking of the freshman year experience; major reengineering of the registration and financial aid processes using technology to make it possible for students to make informed decisions and plan; and facilitating new student/faculty interaction, e.g., the residential college program.
- Teaching. The University recognized the need to give emphasis to and reward excellence and creativity in undergraduate education; to establish that quality undergraduate teaching is a fundamental corporate responsibility of the faculty; and to ensure that quality undergraduate education is a major consideration in promotion, teaching, and compensation.
- Learning environment. The University recognized the need to substantially invest in classrooms, laboratories, and instructional equipment; to make facilities accessible to the disabled; to promote the effective use of libraries and electronic data bases; and to promote interactive learning and collaborative skills.

- Sense of community and access. The size, complexity, urban location, and diversity that are defining characteristics of the Twin Cities campus needed to become foundations of excellence. Major goals included increasing the range, quality, and number of students in special programming; establishing a strong and viable tuition policy and a unified financial aid program, making possible access and the completion of baccalaureate education for students from all socioeconomic groups; and providing better student academic support, student development opportunities, and quality out-of-classroom experiences.
- Assessment. The University had to be able to demonstrate to the community that it was making progress and to determine where investments were or were not successful; and to take corrective actions as appropriate and in a timely fashion.

The Board resolution supporting the *Undergraduate Initiative* included a stipulation that the University report progress annually to the Board of Regents on the Undergraduate Initiative. Illustrative reports are included with our materials that gives the Pew review committee a detailed review of initiatives taken, investments made, and our accomplishments since 1990. Please see the video tape and other materials that demonstrate how progress is being communicated to the community.

In June 1994, the Board of Regents and Faculty Senate approved U2000, a plan to ensure continued development as a premier national and international university. The President's undergraduate initiative was incorporated into the plan as one of six strategic areas and thus given further prominence and an even higher priority. Noteworthy is the development of 19 critical measures and benchmarks by which to measure performance; 6 of the 19 specifically relate to undergraduate education. Please see the enclosed critical measures and the first annual performance report on the critical measures. A second major objective of U2000 was to tie budgeting to planning. To date, well over \$10,000,000 has been reallocated to enhance undergraduate education. Moreover, the state legislature has tied \$5 million of the University's 1995-96 allocation to performance in the area of undergraduate education: the composition of the class, retention of freshman, and diversity. The formulation and commitment to critical measures and the new planning protocol that accompanied U2000 proved to be a turning point for the University. It necessitated setting priorities and goals that were properly financed and readily viewed and measured by the public.

The goals accomplished to date have been substantial, and quite often outstanding.

- Improved the four-year graduation rate by 24% from summer 1994 to summer 1995; the percentage of students graduating in five years improved by 6%.
- Improved markedly the quality of the incoming class over the last two years. The mean high school rank of entering freshman increased from 71.7% for fall 1993 to 74.8% for fall 1994. The total number of new freshmen from the top quartile of their high school classes for fall 1995 increased by 15.3% over fall 1994. Applications for honors programs were up 39% in the Institute of Technology (IT) and 71% in the College of Liberal Arts (CLA). Based on the percentage of applications received to students accepted, the University has gone from last place in selectivity to third place in the Big Ten. The number of students satisfying the preparation standards has jumped from 17% in 1985 to over 85% today and over 95% in IT and CLA. The credit load has increased slightly from an average of 11.8 credits per quarter to over 12 credits, reversing a long downward trend.
- Made substantial progress in reaching its year 2000 aspiration in recruiting students of color. In fall 1995, the number of freshman students of color increased by 14.4% over 1994. Over 18% of the freshman class are students of color (the state's minority population is approximately 10%). The number of minority faculty doubled from 1989 to 1995.

- Implemented a new Liberal Education curriculum including cultural diversity, international perspectives, environment, citizenship and public ethics, and intensive writing across the curriculum. Underway is a restructuring of the course format from the quarter to the semester system and, concomitantly, a major curriculum review.
- Implemented a new transfer curriculum in cooperation with the other three public higher education systems to support more effective transfer.
- Improved advising by markedly reducing the student-to-advisor ratio in CLA from 577:1 to 253:1 in fall 1994 (50% of all new entering freshman are enrolled in CLA); created faculty-student cohort advising in CLA and IT with a "course in common component"; invested over the past three years an additional \$1,550,000 for advising.
- Implemented the President's Forum on Teaching and Learning; implemented a faculty work load and reward policy with an objective to place greater emphasis on teaching; invested an additional \$1,650,000 in teaching and course improvements; implemented changes in the attribution of tuition to colleges that place greater emphasis on teaching undergraduate students.
- Reduced radically the size of classes (by 23%) at the lower division; invested \$1,450,000 to improve the quality of instruction in the remaining large classes; invested an additional \$1.2 million annually in improving course access.
- Increased undergraduate research opportunities -- more than 400 students received awards and more than 1,000 students work as undergraduate research assistants and peer advisers (total payroll of \$3.5 million).
- Developed and implementing a comprehensive plan to improve the quality of all classrooms to a standard that includes 119 separate criteria, including renovation, high-tech equipment, and distance education technologies. Classroom renovation was made a priority in the capital request to the legislature (\$8.5 million).
- Strengthened residential life; expanded the pilot residential college; increased from 45% to 70% the number of freshman in residence; \$50 million has been allocated by the Board for the construction of additional dormitories.
- Established broad technology based services for student use including: e-mail for all students, on-line touch-tone telephone (winter 1996) and World Wide Web (fall 1995) access to a variety of key student administrative services including registration, course drop/add, grade reporting, and financial aid/admissions status checking; and added three new student computing laboratories.
- Implemented the new teaching evaluation policy with 180,000 questionnaires processed for 7,500 courses.

Much remains to be done. We are currently participating in an ACE/Kellogg project (involving 24 colleges and universities) to undertake a major institutional change and selected the "freshman year" as our project. We are concerned with opportunities for employment and career counseling and have begun to address the problem.

We celebrate the fact that enormous progress has been made and believe that our approach and experience merits attention by similar major public research universities. We look forward to sharing our findings with others and continuing the improvements in undergraduate education.